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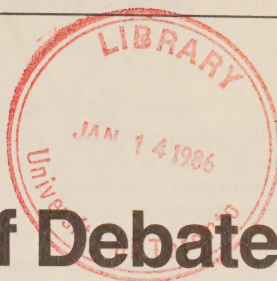


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Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Ministry of Labour

First Session, 33rd Parliament
Tuesday, December 10, 1985

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Chairman: Laughren, F. (Nickel Belt NDP)

Vice-Chairman: Ramsay, D. (Timiskaming NDP)

Barlow, W. W. (Cambridge PC)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Hayes, P. (Essex North NDP)

McGuigan, J. F. (Kent-Elgin L)

Rowe, W. E. (Simcoe Centre PC)

Smith, D. W. (Lambton L)

South, L. (Frontenac-Addington L)

Stevenson, K. R. (Durham-York PC)

Substitution:

Polsinelli, C. (Yorkview L) for Mr. Ferraro

Also taking part

Gillies, P. A. (Brantford PC)

Mackenzie, R. W. (Hamilton East NDP)

Wrye, Hon. W. M., Minister of Labour (Windsor-Sandwich L)

Clerk: Arnott, D.

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

Brown, Dr. R., Research Director, Ontario Task Force on Employment and New Technology

Wolfson, Dr. A. D., Assistant Deputy Minister, Labour Policy Programs

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 10, 1985

The committee met at 8:05 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: When the committee adjourned last Thursday night, without me I might add, it was still dealing with the leadoffs by the opposition. Mr. Mackenzie was in the middle of his presentation. We will go ahead with that now.

Mr. Mackenzie: Before we do that, is it possible to make arrangements for scheduling the safety and health portion of the estimates? Mr. Martel will be handling it for our party. We had originally thought of his probably starting next Tuesday. However, since the interim report of the select committee on economic affairs is being debated in the House next Thursday night, I would like very much to be involved in that debate.

I have suggested it to Mr. Martel and he is prepared to move in on Thursday. If we have not finished tonight and tomorrow, and I suspect we probably will not, then I would attempt to finish on the Wednesday and Mr. Martel would come back again on Thursday. He would take it over this Thursday and again on Wednesday or Thursday of the following week.

Mr. Chairman: It is no problem for me. It would not be the natural sequence, but I am sure we will not get to the fourth vote by Thursday night.

Mr. Barlow: We can rush through.

Mr. Chairman: You may, yes.

Mr. Mackenzie: It would be appreciated if we could at least begin the health and safety part of the estimates and handle them Thursday night.

Mr. Chairman: That would probably help the ministry schedule its time, too.

Hon. Mr. Wrye: That is fine.

Mr. Chairman: All right, we will deal with vote 2504 on Thursday night.

Mr. Mackenzie: We will deal with it Thursday of this week.

Hon. Mr. Wrye: Presumably, Mr. Mackenzie, next week we will start on Tuesday night, and Tuesday, Wednesday, and Thursday of next week will simply be divided amongst whatever.

Mr. Mackenzie: That is correct.

Hon. Mr. Wrye: I view these things as fairly open ended. We have a lot of hours. If we are well into something else that we want to carry on with we will cut it off at the appropriate point and go back to health and safety.

Mr. Chairman: After tomorrow morning, regardless of what we are doing, we would start on vote 2504 on Thursday evening.

Hon. Mr. Wrye: Right.

Mr. Chairman: All right, Mr. Mackenzie, go ahead.

Mr. Mackenzie: I was in the middle of my statement. I had gone on for 38 or 39 minutes and was keeping track just to see what happened. I will try to finish in 10 to 15 minutes at the maximum, probably in about 10 minutes.

I left off after having briefly discussed some moves in vacation and paid holidays that I think would be progressive. I want to make one final comment on that issue. The point I was making was that Ontario is running behind the pack. The times worth putting into the record when we talk about paid vacations are for the following jurisdictions in Canada that have paid vacations: British Columbia has three weeks after five years of service on a two per cent basis for each week; Manitoba has three weeks after five years of service; Quebec has three weeks after 10 years; Saskatchewan has four weeks after 10 years; and the Northwest Territories have three weeks after five years.

There are clear examples in this country, apart from whatever happens in Europe and other areas, to indicate we have a long way to go to lead the pack in paid vacations for workers. The ministry should take a look at that.

I would be remiss if I did not once again briefly raise the question of where we are going with the new technology and the need for an industrial strategy in this province. I do not see any real work being done on what is going to happen to jobs or on ways to deal with our ability to produce almost anything we want faster and in greater quantity and with less manpower.

While the technology centres we referred to are beautiful examples of trying to assist industry to put the new technology in place on the shop floor, I would like to know what the ministry is

doing in a real way in terms of the future net results, and how in blazes we are going to look at the whole question of control and distribution. Are we going to control the new technology in society? How are we going to better distribute the results of that kind of technology?

It is one of the challenges that faces the minister and his ministry. I see very little evidence of any real work being done on it. Some of the answers are obvious, and we can go into those in a little more detail. They revolve around issues we have touched on briefly: hours of work and possibly educational sabbaticals for workers. There are a number of things that should be looked at.

Another issue I want to touch on briefly is early retirement. It may not be the total responsibility of this minister, but if we are looking at spreading the work load in our province, we should take a look at workers, particularly those in heavy industrial and production line jobs, who would take advantage of an early retirement if the bridging were there.

I will not go into the figures. We did some preliminary ones in our caucus two or three years ago. There is some indication that while it would cost money up front for bridging and early retirement, the offset with respect to the potential opening up of jobs is considerable. There are some indications of this starting to happen.

I noticed with interest a development in my own town in a piece in the December 4 *Globe and Mail* headed, "Early Retirement Plan Set by Stelco, Union". They have been working on this for some time. It simply reads, and I think it is worth putting a couple of the paragraphs into the record: "In a joint attempt to stabilize the work force, Stelco Inc. and the United Steelworkers of America have agreed to a plan under which 750 of the giant steel maker's hourly employees will be eligible for early retirement with enhanced pension benefits." This is not the first time they have gone through this exercise, but it is being looked at more and more; so it cannot be a totally negative factor in terms of industry as well.

"If all 750 of those employees opt for the plan, it could cost Toronto-based Stelco as much as \$10 million, company officials said.

"However, both they and Ray Silenzi, president of Local 1005 of the United Steelworkers, which represents approximately 8,500 of Stelco's 13,000 hourly workers, said the plan will also improve job security for workers who are not eligible for early retirement."

They go on. I am not going to get into it in great detail, but it says: "The work force

adjustment program, as the plan is called, is open to employees aged between 60 and 65 who would like to retire early between Dec. 1, 1985, and March 31, 1986. In addition to their regular pension, those employees will receive a supplement of up to \$7,200, consisting of a lump sum payment of \$3,600 at the end of the first 12 months of retirement and a further payment of \$300 a month for up to 12 months thereafter. The supplement will be prorated for pensioners who reach age 65 during the first 24 months of retirement under the plan or for their beneficiaries."

I raise this just as an example of the fact that companies are increasingly looking at this as part of their responsibility—all too few of them, in my opinion, but it is there. I do not think it is going to come from the industrial and corporate sector alone. It needs some jabbing and needling on the part of governments to make it a real success.

I want to put on the record that we have not come to grips with the problem of picket lines and the reception that workers get on picket lines. I mentioned briefly—and I was looking for the letter, which I cannot locate—some comments passed on by the Ministry of the Attorney General when I was involved in a recent dispute at Boots Drug Stores. The strike has been settled, unfortunately.

While I was there a young woman was knocked down on the picket line. She got up angrily and pushed herself in front of the officers who were rapidly clearing the cars through. She fell across their arms and her hands hit the hood of the car. That was the extent of it. I helped to pick her up along with another chap right beside her in that picket line. To see her arrested and the way she was dealt with really threw me. I do not often do it, but I called the minister and the Attorney General's office. That is probably not the smartest thing to do, but I was extremely incensed that day.

They ended up laying a second charge after our involvement. I am not sure whether that was deliberate. It took place in a strike in Peel once again. I want to tell the minister that perhaps we need some selective work done on some of the police forces in the province. That is not the first instance I have been involved where, as far as I am concerned, there was excess force.

I understand she was convicted when it finally came to court. What is the expression? She got an—

Hon. Mr. Wrye: An absolute discharge.

Mr. Mackenzie:—absolute discharge. One of the charges was withdrawn. The other one

proceeded and she was given an absolute discharge. This woman happened to be about 95 pounds, if that. She is a very decent person when you get to know her.

The reason I am driving it home again to the minister is that we are not far from the jungle in some of these labour disputes. They were mostly women on that line and they were being treated roughly. I was there and I saw what was going on. Police have denied it, but I am not satisfied with their denials.

8:20 p.m.

There was a middle-aged lady on that line who lost her cool. She came to me in tears. The lady had had an arm lock put on her and an arm around her neck. She was put up against the side of the car. She was taken across the road, put into the cruiser and driven to the station and arrested. She lost her cool and started calling the police officers pigs. A minute later she turned around, came up to me and started crying. Her comment to me was, "I have never said that to a policeman before in my life."

This was a middle-aged woman involved in her first strike on that line. Some people might say, "Hey, you are going to have a good militant person;" but it is a tragedy what we were doing to people in that kind of situation. They were losing respect for law and order in this country and were believing the deck was stacked against them in a picket line situation like that. That is why I say there has to be something done about the way some of the municipalities deal with people in strikes.

I want to raise a question that disturbs me no end. I believe the minister may now be getting himself involved in it a little bit. I have long been an advocate in this area, and I am not sure I know all of the answers. Let me be very frank with the minister right off the bat. I am not sure all internal union disputes should be going to the board. By the same token, as long as we have the setup we have now, there have to be ways to deal with situations we have gone through with a number of the unions in this province. I say that as Labour critic and as a supporter of labour. At the moment I am referring specifically to Labourers' International Union of North America, Local 506.

I do not know how we can accept a situation in this community where the officers of the international—and one would not get this in most of the industrial unions—can come to Toronto on February 27, I believe it was, pull together the business representatives and officers of that union and ask them whether they were going to

vote for a certain person as the business representative, the chief person in the union.

When the international officer is told by the business agents that they, or at least some of them, are not going to support that particular person as the business agent, I think for a number of very valid reasons, the next day a trusteeship is imposed on that local. Their election was due in June. The feeling of the membership is that they could have cleaned house totally, as did happen eventually in Sarnia. With the control that is there now they have no freedoms. They have problems with respect to jobs. Going out on jobs depends on who you are and who you supported.

Back in August, the council of the Labourers' International Unions of North America, at a meeting in Ontario, voted to ask that the trusteeship be removed and elections allowed to go ahead. That was ignored. Then the business agents, all those who were involved in opposition to the person put in charge, who was the one they did not want to vote for to begin with, were fired from their jobs and are having difficulty even in getting placement through the hiring hall operation.

I know it is before the board. I know the minister has been informed of it. I also know that for whatever reason there was quite some difficulty in getting meetings arranged through his office. This is a ticklish deal, and I am the first to admit it. I am simply saying to the minister that this kind of performance, this total and complete denial of the most basic rights of organized workers in this province, has to stop.

That should not have dragged on as long as it has. Until we get a better mechanism than we now have for resolving internal union disputes, the ministry has an obligation, and certainly the board has an obligation, to see that we do not allow denial of the most basic rights of workers in a union in this province. That is something that has to be dealt with, there is no question about it. It has to be dealt with quickly. The message has to go out in certain fields that the workers have to have a say in running their own union affairs in this country. One cannot arbitrarily take away the most basic rights of representation and choice of who is going to represent them.

I will be looking forward with some interest to what kind of a response the minister might have in that situation, because I do believe he has now been apprised of it.

There are two or three other problems I want to mention, and then I will wind up. We have problems with the pension funds where there is an excess in the fund. I do not know how we are

going to deal with this. Once again, I do not think it is the minister's total responsibility. It may not be his responsibility at all, except he is usually involved when there is a windup of a company, or a company is moving or shutting down and the workers' pensions funds have to be apportioned.

There are two cases I would like to mention. There are probably dozens, but there are two where the people involved have been after me regularly. The Gardner-Denver plant in Woodstock closed down some time ago, as the minister knows. The workers tell me there has not been a resolution of their pension problems yet, although it was more than two years ago that the company went belly up.

The other example is a more recent one. It annoyed the United Auto Workers no end and it annoyed me no end in my own town. It is the \$1-million surplus that was in the Allen Industries pension fund. The last 104 workers in that plant, as the minister may know, had some problems getting their pension situations finalized because the union—the workers agreed, although it became difficult as the months dragged on—was fighting to get the excess \$1 million in the fund considered as part of deferred wages. The argument I have always made is that the money belongs to the workers and should not go back to the company, particularly a company that is closing down and running away from this province.

The union lost that fight, as the minister probably knows. To finalize the pensions for the workers they finally had to withdraw from the battle because they felt they could not win it. That \$1 million, which really belonged to those workers, has gone back to Allen Industries. It never should have gone to the company. As long as that is going on we do not have a fair situation in terms of workers and workers' rights.

I am not sure whether it is in the minister's hands any longer, but I would like to know where we are going with another one of our accord items, political rights for civil servants.

I would also like to know whether the minister has any thoughts on how we are going to deal with the growing situation resulting from the takeover of Dominion Stores by A and P. There was a feeling among the workers at the 43 stores still left that they got, pardon my language, screwed in terms of any right to bump; they did not know whether they were going to have jobs, and for how long and what kind of benefits they were going to have.

Those who were working in the stores that were bought at least felt they had some security.

It is now obvious from the growing controversy and the headlines in the newspapers almost every day, such as "Eight Supermarkets to Close," that we have a problem. It is part and parcel of the whole takeover operation when plants are gobbled up one after the other, whether it is a retail empire or an industrial empire in our province. That is another matter I want to hear about from the minister.

There are a number of other things I would like to raise, but I want to finish now because I have used up as much time as I want to or as I think should be used in the opening statements. Maybe we can elaborate on some of the things a little more as we get into the individual items.

Mr. Chairman: Does the minister want to reply to either of the two opposition critics?

Hon. Mr. Wrye: I had an opportunity to discuss the format these estimates might take; I think Mr. Gillies is quite willing to accept any format we want, while Mr. Mackenzie would like to move to the main vote. Perhaps I will begin my reply under the main vote; then we will discuss the issues my critics have raised; I am sure other members of the committee are interested in them. I have a number of officials here to discuss some of these items. It would be most useful, and I am going to try before the end of the estimates, to deal with all the issues my critics have raised, if only to put something on the record.

If it will be helpful, I will indicate tonight some of the issues I want to discuss. They are the Ontario Task Force on Employment and New Technology, the overtime issue, mandatory retirement—and Mr. Mackenzie was just talking about early retirement—the composition of the Ontario Labour Relations Board and its backlog, as well as vacations and statutory holidays. Those are some of the topics I thought we might touch on tonight.

8:30 p.m.

Mr. Chairman: All right. Let us move to vote 2501. I think it is agreed by the two opposition critics that we will treat vote 2501, items 1 to 9, as one vote and discuss anything within that under general policy. Is there any problem with that?

Mr. Mackenzie: I have no difficulty. Most of the policy would come under that vote anyway.

Mr. Gillies: I have no problem with that. Is it the minister's intention that as we address a specific issue we can get into some sort of dialogue at that time rather than waiting for him to complete his entire presentation?

Hon. Mr. Wrye: Sure.

On vote 2501, ministry administration program:

Hon. Mr. Wrye: I am not going to make a long response. I thought we might start with the whole issue of the Ontario Task Force on Employment and New Technology. My friend the member for Hamilton East (Mr. Mackenzie) raised it in his remarks tonight, and my colleague the member for Brantford (Mr. Gillies) raised it at the outset of his remarks on Thursday last.

We have the research director for the task force, Dr. Richard Brown, with us tonight. I thought it would be useful to have him here so we could get into a discussion. I will ask him to come forward in a minute. For the benefit of committee members—I am sure my critics know this—Dr. Brown is a mechanical engineer and former associate dean of the faculty of applied science at Queen's University. He has served the province over time in a variety of capacities, including as secretary of the cabinet committees on research development and manpower and as a science and technology adviser.

I thought we might ask him to come up in a minute and engage in some dialogue on this, but perhaps I can start out by saying the task force report is a pretty impressive effort. Mr. Gillies pointed out that it is not prescriptive, and it is not, but the very fact that the so-called Boggs-White task force came to grips with the issue and identified the problems in the way it did is in and of itself a very important breakthrough.

The task force has made a number of findings. For the benefit of committee members—I know my critics are familiar with this—let me go over a couple of them very quickly so others can involve themselves in a dialogue if they want to.

The task force found that plans for new technology that we keep talking about exploding on us are actually exploding on us even faster than we thought they were. It also found that the plans for the adoption of new technology in the business places of Ontario for the next five years—in fact, for the next 10 years—are more extensive and encompass a greater range of technologies and a much faster rate of adoption than in the past and than what is the public perception.

The task force found there was no evidence that new technology will lead to reduced levels of overall employment in the next 10 years. As I remember—if I am wrong, Dick can correct me when he gets up here—the task force felt that beyond 1995 it was looking into a crystal ball that was pretty hazy and did not want to try to tackle

what would happen after 1995 other than by making a guess.

There is a suggestion that the rate of job creation will be lower than it was in the 1970s. From 1971 to 1981, employment increased by about one million, and in the next 10 years it is expected to rise by only about 750,000. Of interest, but not surprising, growth patterns by occupation and by industry will change significantly in the next decade and will change quite significantly from the past decade. Several service sector industries are expected to generate most of the employment growth and, not surprising, the manufacturing sector is expected to include only about half the new jobs it did in the 1970s. I am going from memory here.

Mr. Gillies asked what we were doing with the report. The report has been circulated widely throughout all the affected ministries and is up for review, not only in our ministry but throughout the government generally. The Ministry of Labour and this minister, as of now the lead minister, will place the report before the cabinet committee on economic policy for discussion very early in the new year. I expect we will have an extensive presentation and discussion on it at that committee, which quite frankly is the appropriate committee to carry forward the discussion.

Mr. Gillies: I am sorry; you say you are the lead minister on this.

Hon. Mr. Wrye: For now. As you know, Mr. Gillies, you have raised that a number of times. Quite frankly, I think a number of issues—and this task force is one of them—are far too complex to get caught up in asking “Who is the lead minister this week and next week?” When we get into the whole area of employment and new technology, obviously this ministry is a main player.

You were the Minister of Skills Development, and many of my friends in the New Democratic Party would agree that very clearly one of the reasons we have a Ministry of Skills Development is it is the ministry that encompasses a lot of the manpower issues formerly handled by my ministry; it has an important responsibility. Over and above, of course, we always find my friend the member for Brant-Oxford-Norfolk (Mr. Nixon), the man with the purse-strings. It would not surprise anyone to say one would also throw the Ministry of Industry, Trade and Technology into that equation.

The Treasurer (Mr. Nixon) chairs the cabinet committee on economic policy, and all the above ministers are represented on that committee. You

talked about the cabinet committee on manpower. I look at my officials who know better than I. The cabinet committee on economic policy has replaced the old cabinet committee on manpower; that is really the mandate of that committee.

Mr. Gillies: I agree with you. In the overall scheme of things, it does not matter in the final analysis who is the lead minister, as long as the response is there and the work is done.

The reason I raise it is that the task force very wisely restricted its frame of reference to trying to project what is going to happen in about 10 years, from 1985 to 1995. As you can well imagine, knowing the way government works, my concern is that the government should respond fairly expediently to the report. If you take two or three years to study it and then come out with a response, time marches on. Many of the findings of the task force have a lifespan or a shelf life of only about 10 years.

Hon. Mr. Wrye: Our government tends to move a lot faster than some others, by the way.

Mr. Gillies: That remains to be seen.

Mr. Barlow: We are watching.

Hon. Mr. Wrye: However, you are right. As we get into the prescriptions, as they are called, and the solutions—I think Mr. Mackenzie touched on this earlier—we are going to have to monitor closely whether the good work done by this task force, its findings and expectations, are accurate.

Mr. Mackenzie: You have raised a couple of things already. The task force finds it is foggy beyond 1995; I suspect it is a little bit foggy even before then. You also said there was an indication that only half of the jobs previously created in the industrial sector will be created.

Hon. Mr. Wrye: In other words, there will be growth but it will be slow.

Mr. Mackenzie: The point I am making is that if we are going to have half the job creation in the industrial sector we have had in the past, and I would be surprised if it were any higher than that, that is a substantial shortfall in terms of jobs. Where is the rest of it? Is the rest of it where we have seen it so far? I refer to the service sector, the McDonald's-Wendy's syndrome. What does that mean, and how are we taking a look at how we respond?

I suspect there will be some real expansion in the service sector, but that also begs a lot of questions of the minister and the government, because that is exactly the area where we have had restraint and cutbacks in expenditures.

8:40 p.m.

Hon. Mr. Wrye: Let me ask Dr. Dick Brown to come forward. I am going to let him get into some of these details. I have asked him to be here because I thought we might have a discussion.

We will let Dr. Brown get settled in; he may have some comments on this. It is interesting that some parts of the service sector—for example, the banking and insurance industry; and particularly the banking industry, which has had quite an upward growth line in job creation over the past decade—are expected to have quite a slowdown in the next decade. That was one of the findings of the task force. Dr. Brown, am I right?

Dr. Brown: That is quite right. Your recollection is right on. There are some very significantly different employment growth patterns apparent in some of the data the task force has collected. The finance and insurance sector is one of those in which the expected employment growth patterns appear to be quite substantially lower than the employment growth experienced during the 1970s.

The finance and insurance sector is a good example of the sorts of employment-related changes associated with technological change. In those industries, a substantial amount of new technology was adopted during the 1970s. The banks first, and more recently the trust companies, started to find new means of processing information and dealing with transactions in their businesses. During the 1970s they installed many new hardware systems that required additional staff of a different occupational character.

Now those systems have been installed. The banks and trust companies are gaining expertise in how to implement these systems and are beginning to go through a rationalization process of adjusting the occupational composition and magnitude of their work force to reflect the knowledge base they now have on how to do their business with these new systems.

You are quite right. In that sector, there is expected to be a substantial extent of employment-related change closely related to the adoption of new technology.

Hon. Mr. Wrye: Just to stimulate things, Mr. Mackenzie suggested he was worried about the growth sectors being the Wendy's-McDonald's section of the service sector. It seems to me that was not your finding. What are the growth areas?

Dr. Brown: He is quite right in assuming we expect the lion's share of employment growth over the coming 10 years to be again in service-related industries on an industry sector basis. The community, business and personal

services sector is in itself likely to contain most employment growth, which was the case as we experienced it in the 1970s.

Mr. Gillies: In the period you projected, was the figure 80 per cent of new jobs being service-related?

Dr. Brown: Yes, in all service-related industry sectors; you are right.

The community, business and personal services sector, the one sector I was just speaking about, would take 50 per cent or so of the expected employment growth. It is a huge sector; some of its major components are very important. If we took it apart into its important elements, you would find the major employment growth area within the business and personal services sector is likely to be the industry known as services to business management.

This is interesting because, even though we see employment growth taking place in the service industries, one has to recognize that a lot of these services of various sorts are being delivered back into the manufacturing industry. They could not possibly take place unless we had a substantial and healthy economic growth taking place in our manufacturing sector, whether or not there was employment growth there.

Therefore, part of the phenomenon we are talking about here is an accounting shift, if you like, where jobs are being created in service industries associated with industries that are delivering their output back into the manufacturing sector. These industries would include such services as research and development, accounting, management consulting and advertising services. The list is very long, but it is important that we reasonably expect management growth to occur in the service area for there to be a healthy economic performance in our manufacturing industries, whether or not the latter produces in itself the sort of employment growth we have seen in the past.

Mr. Mackenzie: Referring to one section of the course of the study, the growth in the banking industry, which may now be declining, can we ask whether part of it dealt with the kind of income shifts involved in such a growth? As I am sure you are aware, if you are involved in efforts to organize bank workers, you find there is probably not a lower paid work force in society, except perhaps day care centre workers.

You do not have to sit very long with 600 of them at the Canadian Imperial Bank of Commerce, as I did last Friday, to find the conditions under which they work and the wages they receive.

We had growth there, yes, but what was it doing with respect to the purchasing power of people?

Dr. Brown: To answer your question, the income distribution in that industry was not part of our study. We considered carefully what sort of information we wanted to collect at the outset of our work and our task force members reviewed the information on which we should concentrate.

We thought it would be better to do a good job in employment, employment levels, employment growth data and occupational shifts. The occupational shifts can frequently be used as first approximations of the questions you have in the back of your mind. That is where we concentrated our efforts in collecting information.

Mr. Mackenzie: To return to the minister for a moment, that is exactly the point I want to stress. When we start the studies we should look at where the shifts are in the service sector, or wherever the case may be. If we look only at the shift of workers we perhaps get an important study, but we also get a false picture, because there are some major shifts with respect to people's ability to maintain themselves and their families.

In this kind of study, it would be nice to know where the jobs are shifting to and what is happening. We miss half the equation if we do not also take a look at what is happening to jobs, because 50,000 new jobs in the banking field at \$12,000, \$15,000, or \$16,000 a year do not replace half that number of jobs in the industrial field where workers receive \$25,000 or \$28,000.

Hon. Mr. Wrye: I would like to make a couple of points. I may be wrong, but my sense of what has happened in banking is that the new technology has exploded. It may become, with respect to bank employees, more a case of the new technology, Instabank, for example, being a customer convenience. You can stop at a Green Machine on your way home tonight and get a couple of hundred dollars because you forgot your money this morning. That is a very important aspect.

8:50 p.m.

The other point I want to make in regard to the review of the cabinet committee and the overall cabinet review—and I do not think I surprise anybody by saying this—is that we will be looking at what this means with respect to retraining and also, alluding to your point, to labour adjustment matters. I know we will get into that a lot more, and into severance, termination, early retirement

pensions, and maybe the Forget commission and general policies in that regard.

To use banking as an example, I am not sure—

Mr. Mackenzie: This was only an example.

Hon. Mr. Wrye:—that the overall salaries that are being paid—not to pass judgement on whether they are good, bad or indifferent—have really had an impact on the explosive growth of technology in the banking system. It seems to me we are into a game of catch-up and there is a bit of competition to see who can have the most sophisticated kind of technology.

Mr. Mackenzie: Catch-up is difficult when they are bringing in the machines that can replace the workers and when the employees have the feeling they no longer count as individuals in the operation. That is one of the things going on.

Mr. Gillies: I wonder whether I can try another approach to Dr. Brown's work as opposed to a central approach. Were you able to break down your employment growth projections to find the percentage of new jobs that will be full-time as opposed to the percentage that will be part-time?

Dr. Brown: We have collected data on that question from selected industries we surveyed. The results were quite surprising. Many of the industries do not foresee a continued increase in the proportion of their part-time work force, which has developed over the last three or four years. Many of these industries readily admit to the widening proportion of their part-time work force. That is a trend that has developed quite recently—over the last three or four years—particularly as they came out of the recession and adjusted their work force.

The data we have collected from these industries describing where they intend to go in the next 10 years suggest that trend is going to slow down. Some of these industries see a further modest increase in the proportion of their part-time work force, but in comparison to the adjustment that has already taken place over the last three or four years, these increases are really quite modest.

As we collected the data, these results surprised some members of our task force and we studied them carefully; but they are the trends and those are the facts we have collected and that is what I want to report to you.

Mr. Gillies: I must say I take some encouragement from that, but I wonder if I could get you to comment on the projections of unemployment rates for the mid to late 1990s. I have heard of unemployment rates as high as 20 per cent by the

latter half of the next decade. Would you comment on that in light of your findings?

Dr. Brown: Let me preface my remarks by saying I am sure you are well aware that the projection of unemployment rates is a notoriously hazardous business.

Mr. Gillies: I appreciate that.

Dr. Brown: An unemployment rate is a marginal difference quantity. You have to know both the demand side and the supply side of the labour market. You then subtract one from the other and the residual gives you your unemployment rate.

Small errors in either one of those factors, the supply side or the demand side, can lead to huge errors in the calculated unemployment rate. The work we have done with this task force concentrates on the demand side of the labour market.

We have tried to put most of our eggs into that basket to get a good fix on how the patterns of occupational and employment demands by industry sector are likely to change over the coming 10 years. We have done no original work on the supply side of the labour market and, therefore, have done no matching in our reports of the two sets of data because we have an inconsistent set of data sources.

The magnitude of employment growth which we have deduced from the data we have gathered on the demand side of the labour market is of the same order as projections that are currently made by a number of sources for the supply side of the market. Within the general caveat I made to start off with, I do not see in the data we have collected any reason to be unduly concerned about unemployment rates over this coming 10-year period.

Mr. Mackenzie: Can you give us the kind of percentages you see in terms of the changing pattern? I am talking there from industrial to service sectors, services of a variety of kinds.

Dr. Brown: I am not sure I understand your question.

Mr. Mackenzie: We may not see a great additional loss of jobs, but you are telling us they are not going to be industrial jobs. A much larger number of the new jobs being created are going to be in the service sectors, I take it.

Dr. Brown: That is right. We see, in general, two things. The first is slower growth of overall employment. If net additional new jobs were being created in Ontario at about 100,000 a year on average in the 1970s, then our data suggest

that average rate may drop to about 75,000 net additional new jobs in Ontario.

Mr. Mackenzie: Would that not in itself mean heavier unemployment?

Dr. Brown: No, because it depends on the growth in the supply side of the labour market as well, and there are some enormous assumptions one needs to make before one can make projections on the supply side of the labour market.

One question is what is going to happen to female participation rates in the labour market in the next 10 years. One of the major achievements of the labour market over the past 20 years is the massive increase in female participation rates that has been absorbed by the labour market. It is a matter of some considerable debate as to where those participation rates will go over the next 10 years or so.

Based on quite reasonable assumptions that they will continue to go up over the period, if you work out what the increase on the supply side of the labour market is likely to be and how that matches up to the employment-growth demand-side figures I have just given you, the two look quite comparable. There is nothing in the data we have collected to suggest that one should get unduly concerned at this stage about the potential for increasing unemployment rates.

Hon. Mr. Wrye: Can I just throw in a couple of numbers? I know you have both been touching on part-time, and this may follow on something Dr. Brown said earlier. It may provide more grist for the mill. I found it kind of interesting.

The ministry has been doing some pretty extensive analysis on part-time, particularly out of Wallace. The analysis we have done indicates that the proportion of part-time workers to total employment in the province peaked about two years ago at 16 per cent of the work force and has levelled off marginally at 15.7 or 15.8 since then. We may have peaked; I am not sure. Dr. Brown may have some comments on the significance of that. He has already talked a little bit about it.

9 p.m.

The other interesting aspect is involuntary part-time work, and we have talked about that a lot. Those who want full-time jobs but have to work part-time because that is all they can get stabilized at just above 23 per cent in 1984 and maintained about the same level this year.

I do not know what that means in the future—maybe Dr. Brown can comment on that too—but that growth appears to have stopped. We appear to have stabilized. Whether there will be

decline as we go on in terms of your discussion of supply and demand in the work force—

Mr. Mackenzie: There is no supply and demand if what is happening is going to lead to a growth of lower-paying jobs, which is one of the things that bothers me. Is that not likely to mean we are going to see families in which it is an absolute necessity for both the husband and wife to work to make ends meet, which has been increasing in any event? That affects both sides of it.

Dr. Brown: Your data on part-time rates are interesting because they are generally consistent with the findings I mentioned earlier.

Once you factor in the slowdown in employment growth that is likely to occur in some of the industries that are heavy hitters in the part-time area, such as the trade industry and the finance and insurance area, that probably suggests the overall proportion of the work force that is going to be part-time may well slow right down from the magnitude of change we have seen in the last three or four years.

Mr. Gillies: I have to think that in an economy where 80 per cent of the new jobs created are in the service sector, in the broadest sense of the term, even if it does not grow a significant proportion of your work force is going to be part-time.

Some of your biggest challenges, and I hope the ones you will be addressing in the near future, are the question of the place of the part-time worker in the work force and the issue of prorated benefits, pension plans and the wage rates themselves of people in comparable work of a full-time nature.

Of course, Dr. Brown, I am not telling you anything you do not know far better than I, but remember many of the people we are talking about in this area are women. We are well aware of the horrendous underrepresentation of women in private pension plans. I see Judge Abella smiling at me. This goes right back, in my experience, to the conclusions of our select committee on pensions some three and a half years ago.

Hon. Mr. Wrye: It is fair to say, Mr. Gillies, and I know Mr. Mackenzie raised the issue of prorated benefits in his opening statement, there is no doubt that issue is of critical concern. You mentioned pensions specifically. Those are matters the government is reviewing and looking at very actively. I hope to see some positive advance very soon. One might argue it is an issue whose time has come.

Both you and Mr. Mackenzie sat on that select committee, as I remember, along with the Premier (Mr. Peterson). You may have disagreements with the point of view the Premier expressed, but I think you would agree with me that he is a very knowledgeable person in this field, particularly on pensions, and very articulate on the issue. I do not mean this in a self-serving way, but I think he was one of the legislative leaders in the whole field of pensions. One might expect he and the Treasurer to wish to move forward quickly.

If I can just conclude the thought, there is also some pressure federally and provincially on the Canada pension plan, as you know, to move to some new arrangements. All of that kind of stuff is coming to a head. This ministry is certainly not alone in dealing with those issues. A lot of it will be dealt with by my colleague the Treasurer in the next while.

Mr. Gillies: I suspect all aspects of the CPP are coming to a head and some of them will not be your responsibility as Minister of Labour, but the future and some of the things we hear about that plan are very scary indeed.

Mr. Chairman: I feel a need to intervene here. There is a vote at 9:10 and that clock is slower than most clocks in the world. I think we should adjourn now and return at the completion of the vote.

The committee recessed at 9:05 p.m.

9:18 p.m.

Mr. Chairman: The chair detects a quorum. We shall proceed. If the bells ring again, which they may very well, there is an automatic 10 minutes before we need to go in for the vote. We will go ahead with vote 2501.

Mr. Gillies: At the point we recessed, the minister was replying to the question of part-time work and some of the changes that are going to have to be made in that area to accommodate the changing employment patterns. We were also looking at the fact that it would appear the bulk of job creation, at least in the 10-year period Dr. Brown was studying, is going to be in the service area. We got cut off.

Did the minister have anything to add? I am pleased to hear he is looking at it and the ministry is working on it. It is a very broad question that goes beyond the Ministry of Labour when you get into the pension area and all that sort of thing.

Hon. Mr. Wrye: It does. I do not want to belabour this, because there are a lot of other issues and please feel free to move on to others if you want, but this goes back to the point I was

making that I view it as a little unfair to suggest that these kinds of complex issues are simply solved with a lead minister.

There will be a lead minister on individual aspects of these very complex questions, but on the overall question, I suspect there will be a number of lead ministers, depending on whether we are talking about retraining, labour adjustment or, for example, part-time workers. If we are talking about pensions, I suspect the lead minister will be the Treasurer (Mr. Nixon).

Mr. Mackenzie: How about contract employees? Has that matter entered into the discussion at all?

Hon. Mr. Wrye: Are you talking about contracting out?

Mr. Mackenzie: No. I am talking about employees who are employed on a contract basis and who are not getting all the benefits. It is an extension in many cases, as I see it, of part-time employees.

Hon. Mr. Wrye: Again, I would think that would be shared between myself and the Treasurer.

Mr. Mackenzie: I have not taken the time to check this out, but in the spirit of starting at home, my information is that about half of the employees in the cafeteria in this building are contract employees without all the benefits. You might start there.

Hon. Mr. Wrye: This will all come back to haunt me, and I do not know whether committee members share my long-held view, but I understand the necessity, and it is present in my own ministry, for contract employees in a number of situations, particularly where one is waiting to see whether there will be an ongoing need for full-time work.

However, having been in opposition fairly recently, I guess I can say about government in general that contract employees eventually are kind of an extension of ad hocery in that they represent an inability of an employer to get on with the job of deciding whether these people should be full-time and regularized.

Mr. Gillies: What is the trend there? Is it increasing? We heard so much in the last couple of years. I remember the questions and the debates in the House on hospital laundries and all these facilities being contracted out. Is there a curve there? Are we seeing a greater or lesser tendency?

Hon. Mr. Wrye: Perhaps I could ask the deputy to speak to that. However, I believe that aspect of the problem is not increasing.

Mr. Armstrong: The pattern is erratic, but I do not think it has changed over the past 10 years. It arises in our area of concern in questions having to do with the loss of bargaining rights. Contracting out is a different topic, because it is not loss of employment, it is a change in the identity of the employer and has some serious ramifications for the bargaining rights of the employees concerned, but I do not think it has anything to do with net employment.

Mr. Gillies: It could have some implications in terms of full-time versus part-time, though. Or is that valid? Do your studies show that the outfits that go in on a contract basis are more likely to have more part-time people?

Mr. Armstrong: I am not aware of that trend. I would defer to the former chairman of the Ontario Manpower Commission—

Interjections.

Mr. Gillies: Keep going down the table. You will be over to David in no time.

Hon. Mr. Wrye: Dr. Alan Wolfson, who is assistant deputy minister, labour policy and programs, is also the eminent former chairman of the Ontario Manpower Commission. I know he will have the answer, because he just looked to his left and there was no one else there.

Dr. Wolfson: That is exactly right.

Mr. Gillies: In Dr. Wolfson's defence, I have to say there are people to the left of him.

Dr. Wolfson: I am sure that is true, but I suspect the chair to the left of me would give as useful a response as I am able to give. I am not aware of any data that would speak to that question as to whether part-time employment is more or less prevalent among contract employees than in bargaining units.

Mr. Polsinelli: In dealing with this topic, Mr. Mackenzie indicated he had some concerns with respect to the contract situation of the cafeteria staff. I am of the particular view that one should always try to keep his own house in order before going out and rectifying the problems of the rest of the world. I was wondering whether Mr. Mackenzie could enlighten me as to what the situation is down at the cafeteria. I thought they were fairly well paid.

Hon. Mr. Wrye: When are the estimates of the Ministry of Government Services?

Mr. Polsinelli: It may be under the discretion or control of the Speaker.

Mr. Mackenzie: I am not sure it is something that we can get side-tracked on at the moment. I was just informed today by reasonably good

authority that about half of the employees down there work on contracts. Many of them would like to be full-time, and of course as a result of being on contract they do not get some of the benefits. I have not gone in to check that out, Mr. Polsinelli, but it came from one of the members who raised it with me and said it should be raised.

Hon. Mr. Wrye: Are they on a "payment in lieu of benefits"?

Mr. Mackenzie: I am not sure just what their income is.

9:30 p.m.

Mr. Polsinelli: I bring it up because I have been told by a number of members on both sides of the House that it is a policy not to tip the cafeteria staff. The explanation given to me is that they are fairly well paid as it is.

It is a concern of mine whether the staff are well paid and whether they are contract positions. What is their working status? Even though it may not fall under this ministry, it may be something the Labour critics on the other side of the House may want to take a look at.

Mr. Gillies: I might suggest that word gets around this building pretty fast. If I were you, I would get a clear and unequivocal statement on the record that you do tip from time to time. I suggest it for your own good.

Mr. Polsinelli: Mr. Gillies, I am just relating the information that was given to me. As a relatively new member, I follow the advice of my peers and my seniors in this legislature.

Mr. Chairman: Do you not think that should be pursued by some other ministry, probably the Ministry of Government Services? Can we go back to vote 2501?

Mr. Mackenzie: Can I ask the minister or Dr. Brown if there are any cross-references in the employment and technology report that he just issued to some of the previous reports? I was reading some of the manpower projections in the Labour Market Outlook for Ontario, 1981-86, done by Farid Siddiqui, Ray Vafa—

Dr. Brown: We had a huge—

Mr. Mackenzie: Was this used at all in any way to cross-reference?

Dr. Brown: We had a huge database that we drew upon and those studies were a part of that database.

Mr. Gillies: Dr. Brown, all of us at some point have read the articles heralding the horrors of the technological age that were coming out three or four years ago. They centred on the Silicon Valley experience in California. A pattern

seemed to be developing of a very small élite of highly trained professionals and technicians and a very large work force of low-paid, low-skilled people who assembled the high-technology products. There does not seem to have been as many of those very pessimistic projections of late, but could you comment on that?

Dr. Brown: I am aware of the general character of the reports you describe. I do not think there is sufficient information in our studies to know whether the character of employment 10 years from now is going to be of the nature of those projections.

My own sense is that those are exaggerations of what is actually happening to us. Yes, in an occupational sense, a lot of employment is moving upscale and a lot of the new jobs that are being created are in managerial, professional and highly qualified technological and skilled trades areas. Simultaneous with that will be a substantial growth in occupational groups such as service occupations in the fast-growing service industries.

However, our data do not permit us to describe the magnitude of that pattern as being the polarized work force some reports have described. We do not see that in the data we have drawn together. It would be, and I am speaking personally here, hazardous to describe it in those terms.

Mr. Gillies: I would like to shift gears for a question on training. In your report, and I am paraphrasing, you said that employers have the feeling they are going to need large pools of highly trained workers to perform certain tasks. Yet based on the employment patterns that you are projecting, there is a feeling in your report that many of the required workers will not be highly skilled at all.

I have a bee in my bonnet which I have raised repeatedly with this minister and with the Minister of Skills Development (Mr. Sorbara) that retraining should be a higher priority with the government than it is right now. What do you think?

Dr. Brown: In our surveys, we solicited responses from a wide variety of industries in both the manufacturing and service sector about the impact on skill levels for a wide cross-section of occupational groups and their work forces. The responses we gathered suggest there is a broad consensus that skills are going upscale. There is a much more substantive and broadly held view that occupations are going to need a wider variety of skills in the future rather than narrower or fewer skills. In response to your

question, our data suggest that a wide variety of occupational groups are going to need additional skills over the next 10 years.

In your question, you also mentioned retraining and started to talk about adjustment questions and how they might relate to retraining. We did have some concern in this area, even though it was not the mandate of this task force to get into prescriptive policy questions. Nevertheless, based on the data that the task force put together, there were some issues that were clearly worthy of being drawn to people's attention. This is one of them.

Mr. Chairman: Dr. Brown, I am sorry to do this to you again. You are getting a flavour of the place, if that is any consolation to you. We must adjourn and we will come back again right after the vote has been taken.

The committee recessed at 9:33 p.m.

9:48 p.m.

Mr. Chairman: Let us proceed with the estimates. We are still on vote 2501.

Mr. Mackenzie: Dr. Brown, is it an accurate assessment that the study you have just finished is one of identification more than trying to resolve the problems we are facing?

Dr. Brown: Absolutely. The task force members agreed at the outset of the exercise that their shared area of interest was in an examination of the extent and nature of likely employment changes rather than what the public policy response should be to that picture. The task force has very much concentrated its efforts on the careful examination of what the magnitudes and directions of employment-related changes are likely to be, rather than what should be done about that picture.

Mr. Mackenzie: The information is extremely useful but that is where I have my problems. I am not sure when we talk about retraining, as we did earlier, that we know exactly what we are retraining people for. When one looks at the growth sectors, they sure as blazes are heavily related to the service sector. While I know there is new technology entering this area all the time, I am not exactly sure what it tells us. What I am concerned about is where we start coming up with some discussion and some answers on how to deal with the situation.

It is one thing to identify that there is going to be very little industrial growth and a lot of service-sector growth; it is another thing to decide what the approach should be to deal with it.

Dr. Brown: Before the break, I indicated that the task force had its mandate primarily focused on an examination of the magnitude and directions of employment changes and not on policy-related questions. Nevertheless, as it gathered data, some issues became almost self-evident with respect to needing careful attention, and in its findings the task force has identified some of these issues.

If we could spend a moment on this subject, one or two of these issues do relate to the questions you have already asked. The issues fall broadly into three categories. I would refer to the first as the importance of human resource development and planning; the second is the matching of labour market supply and demand; the third deals with the labour market adjustment questions.

In the first area on human resource development and planning, the task force has observed that slowing employment growth in overall terms and shifting occupational patterns of demand for skills imply that much more planning will be necessary to deal effectively and fairly with organizational and employment adjustments. In order to address employment opportunities and challenges for the future, much more attention needs to be paid to human resource development and planning.

This observation on the part of the task force really speaks to the difficulties of achieving desired productivity improvements in the future in the climate of slowing and changing employment growth we have described. There are really two aspects to this challenge. The first is that slowing employment growth and the changing patterns of employment growth mean that all sorts of organizations are going to need much more active policies of human resource development and planning if this change is going to be accommodated both fairly and equitably and with some dignity to the people who are involved.

Mr. Mackenzie: Can I interject for just a minute? You are now touching on one of the key issues. Are you telling us, as a result of the study you have done identifying the three areas you have, that one of the necessities is that we are going to have to do a lot more planning?

Dr. Brown: That is correct. The task force concluded that.

Mr. Mackenzie: I do not mean to change the topic at all, but from the Macdonald commission we got the categorical statement that if we do not enter into free trade, we are going to find

ourselves forced into planning. There are those who think it is going to be necessary regardless.

Dr. Brown: The task force specifically spoke about human resource development and planning activities associated with human resource development and saw that as being a necessary and increasing activity in all types of organization, both in the private and public sectors.

Mr. Mackenzie: What are we talking about in terms of the necessity of planning? Obviously, we have to relate to the growth in human resources. Planning is needed in matching labour market demand and supply and there is the labour market adjustment you talked about. Are you now talking strictly about retraining or are you also talking about distribution of work hours?

Dr. Brown: These are all part of the human resource planning question. I was speaking quite generally about the broad necessity for more active policies in all types of organization for consideration of human resource development and planning questions. If one thinks about the changing climate of slowing employment growth and within that slowing growth still shifting patterns of occupational demand, then it is going to get much more challenging to be able to match up people with opportunities when those opportunities arise.

10 p.m.

The passive policies which many organizations have been able to survive with in a high-growth employment situation are unlikely to be sufficient for them to remain competitive, if they are in the private sector, in the situation we are now describing for the coming 10 years. There is going to need to be a much more active and vigorous consideration on the part of all sorts of organizations of human resource development and the planning activities associated with that.

Mr. Gillies: If I may interject for a second, one of those organizations has to be the Ministry of Labour. At the risk of sounding like the former Premier, I ask you what plans do you have to make plans?

Hon. Mr. Wrye: As I was listening to Dr. Brown reply to Mr. Mackenzie, it struck me that we will be dealing with them. As I outlined earlier, some of the topics I gleaned out of both your remarks really talk to this issue. We talked a little bit about hours of work and we have been having some exchange of views in the Legislature not only on overtime, but also on the work week and what is appropriate in 1985.

I will throw out a couple of issues we might touch on as we go forward. Mr. Mackenzie

alluded, as did Mr. Gillies in his opening comments, to the issue of early retirement or the very complex issue of mandatory retirement, if I can pick up on what Dr. Brown was saying, as it pertains to human resource planning in a number of areas. All of these issues end up being tied together with respect to the directions in which government should be going.

We have begun to address these issues. We have not yet been in office six months and at least we have a handle on a lot of the issues, on which in a great many cases we urgently have to do a great deal of work. I would not want to be unkind about the amount of work that was done on some of these issues in the first four years and three months that I was a member of the Legislature; that can be used another day.

Mr. Gillies: You are saving that.

Hon. Mr. Wrye: I will save that.

With all due respect, the government and the ministry have a fairly decent handle on the complexity of some of these issues and the urgency to address them.

Mr. Polsinelli: I wonder whether the Quality of Working Life Centre may be one of the departments in your ministry that will take an active role in this type of future initiative. I note in the estimates, when it talks about the 1985-86 initiatives for the Quality of Working Life Centre, it talks about continuing to develop its activities in the field of project program areas within a variety of sectors, including manufacturing, high technology, services, etc. In dealing with these types of studies, that may be one segment of your ministry that will be triggered to deal with those types of future programs.

Mr. Mackenzie: I have been supportive of the Quality of Working Life Centre program all along, although with some reservations. I can recall in estimates when it was being attacked by your party and your critic three or four years back, but I do not think that is the answer. From what we are hearing, the study clearly says we cannot continue with the old ways. We need some moves with respect to the planning we do.

That then brings on the question Mr. Gillies alluded to, namely, what exactly are you doing and in what areas? What can we expect on the question of overtime and the large amount of it going on in this province? What are we going to see happening, or is that one of the components you are going to deal with in reacting very quickly to what we are being told in this study?

Hon. Mr. Wrye: I look forward to hearing and sharing some points of view with you and

other members of the committee. The government does intend to make some moves in a preliminary way in a couple of areas, I hope before we break for Christmas. We can turn to this in a little while, although I am not necessarily sure we want to start on the whole issue of overtime with some 15 or 20 minutes left. I suggest the issue of overtime and hours of work is a pretty complex one.

There are no easy answers. There is a difficulty—and I do not think you and I disagree, as I have listened to your questions and those from my friend the member for Brantford (Mr. Gillies)—that there have been some abuses. As one explores the issue of overtime and hours of work, and we can get into this, the trade union movement has certainly, over time, in its collective agreements, asked for and received certain seniority rights which sometimes can impinge upon the amount of overtime work, if it is offered on the basis of seniority.

On the other hand, companies will tell you they have upturns and downturns in their activities, which make it not only not worth their while but also in a sense a little unfair to hire for a two-month glitch or some emergency problems they have. That gets us into another problem. The problems are almost endless. Without trying to anticipate anything, a fairly solid look has to be taken at all of these issues.

I do not think I know the point of view your leader put forward two or three weeks ago. I read the supporting document that was released at the time of his question about the 40 and 44 hours. I am not sure I really understood whether 44 was the maximum, with no more beyond that, or whether there was some flexibility built in. If there is flexibility, and I would rather suspect he would mean to have some flexibility, that is where we get into the difficulties. When does necessary flexibility become irresponsible?

Mr. Mackenzie: Every time you talk to a company, especially one that has engaged in collective bargaining, the necessity for flexibility is going to be high on the list, and they are not going to concede they could operate on a 40-hour week.

There are a number of contracts now that are giving the workers the right to refuse overtime. The initiative has to come from the government, and I would like to know if you are looking at a 40-hour work week in Ontario. Are you looking at a reduction in the permits, the regular as well as special?

Hon. Mr. Wrye: Over a period of time, we are going to. We may have a bit of a parting of the

ways on this. The reason a lot of companies say they need a little more flexibility is that it is exactly what they need. There is a world out there that demands flexibility. It is a little too complex, at least in my judgement, for us to say simply, "Well, we are going to have it in pure black and white here."

However, you are right that this is not to say we should not look at the special permits, at the blues. It is not to say that we ought not to take a more careful look at maintenance overtime. I do not know about you, but I am bothered by the 48 and 12, and particularly a lot of use seems to be made of it. I think it is a fair question to ask, but at this stage I am not sure I have answers. What we are doing is asking questions. However, it is fair to ask if that level of overtime is needed and appropriate.

I am encouraged that we are down to 7.4 per cent unemployment, but I do not think any of us in this room, or any of us in the Legislature, are satisfied with that level of unemployment. If we can make any kind of dent in it—

Mr. Mackenzie: It is more than just a fair question to ask; it is whether that is one of the areas in which you are going to take some action. Otherwise, we are not going to meet the need to change the old way of doing things. If it is not in this area, what area is it? What are we looking at specifically to deal with the changing patterns of work and the need to increase work for people?

10:10 p.m.

Hon. Mr. Wrye: I think it is fair to put that on the table. That is the first bit of action. As a minister in a new government, I do not think it is our government's mandate and the Premier (Mr. Peterson) probably would not be terribly pleased with this minister, nor would the rest of cabinet, if I waltzed in and said, "Well, we have a problem here. Let us deal with it."

I would go back to the fact that this is a very complex issue. I would venture a guess we have not yet canvassed the views of either business or labour. I am not trying to be unfair about it. I know, for example, the views that have been expressed in your own community by the present Local 1005. I know the views in my own community of the president of Local 444 of the United Auto Workers. I have certainly had a chance to meet with the leadership of both the steelworkers, and mining locals in the Sudbury area, where the chairman is certainly aware of a work force that is going in the wrong direction with respect to employment.

Mr. Gillies: However, I really would urge you. We have had some rather heated exchanges

on this issue going back to two and a half years ago. If it does not involve considerable input both from the business community and organized labour, what you do will not work.

Hon. Mr. Wrye: Sure.

Mr. Gillies: As you well know—and I point to the severance pay provisions under the Employment Standards Act—if it is unacceptable, one side or the other will find a way around it. They will find loopholes. I urge you to come to some sort of consensus on this.

I think back to the disagreement Mr. Rae and I had on this in the House a couple of years ago. The point I was trying to make is really the one you are making now. It is not just the government's problem. It is government, business and labour's problem. Had you thought perhaps of striking a task force involving both business and labour and approaching it that way?

Hon. Mr. Wrye: We are taking a look at a number of options. We are also taking a look—and my friend the member for Hamilton East (Mr. Mackenzie) asks a fair question and makes a fair point—at what might be done and what measures might be taken in the interim while we are examining this matter in whatever way the government ultimately decides would be appropriate.

Before my friend from Hamilton East gets too worried, I do not think this is an ongoing, for-ever exercise. I do not believe in those kinds of things. I want to assure you of that.

Mr. Ramsay: I just want to say to the minister that I think there is a much broader implication to this issue. Where the government comes into play is that there is basically a philosophy at stake here of deciding where the responsibility lies for our citizens to derive their livelihood. If we carry on the way we are, we are saying the state should be taking care of these people.

It is very interesting that our party is saying to you that we are working towards self-sufficiency—people being able to take care of themselves. What we are saying is that work is a limited resource and we are going to have to share that because we want to foster self-reliance and self-sufficiency and not have the state always taking care of people.

If we have that shrinking resource but allow only a few people access to it, then the government is going to have to come in and start taking care of people. That is not really what we would like to do. We want to believe in social programs as a safety net, not to run an economy with them. That is probably something that is very misunderstood by people. We would like to

see people working and gainfully employed, and we are going to have to share that work.

Hon. Mr. Wrye: Be careful, Mr. Ramsay. For a second I thought you sounded like a Tory.

Mr. Gillies: I thought he made a lot of sense.

Hon. Mr. Wrye: I understand what you are saying, and I do not think you and I disagree. It is a matter of coming to grips with that. Let me just make a point.

Mr. Polsinelli: He knows how to hurt a guy.

Hon. Mr. Wrye: I have made this point in the past. I do not mean to be unfair about it at all. My friend Mr. Hayes will disagree with me if he thinks I am wrong, and he probably will. There is some concern within the community with which I am most familiar about the level of overtime, particularly among certain skilled trades in the auto industry who have been working seven days a week for ever. However, I have not heard a huge stampede of workers in my community saying, "I do not want that Saturday work."

That is no reason the government should not do it and it may be the government will have to make some of those tough decisions. You are right that this has to be examined in the light of the government's overall policies to try to maximize the number of people in the work force.

Mr. Gillies: I have to say you are right. You make a lot more enemies than you do friends speaking up on this issue because generally speaking—

Hon. Mr. Wrye: I remember you saying something.

Mr. Gillies: Yes, indeed. I will tell you—

Hon. Mr. Wrye: What was that quote?

Mr. Gillies: Oh, dig it out. You will find it.

Mr. Mackenzie: Phil has been given the authority to think as he wants. It is all right. I am not sure what he thinks—

Mr. Gillies: I can tell you there are a few—

Mr. Mackenzie: —in terms of the whole caucus, but Phil can go ahead and do—

Mr. Gillies: I am speaking for our caucus, by the way. There are few issues under your jurisdiction about which I feel more strongly. When I see, as I have in my riding, a company with more than 1,000 people on layoff working full shifts of regular overtime at various times, it really bugs me. It is unfair and it is a slap in the face to the people who have been displaced in those companies. I encourage you to tackle it and to take a tough stand on it. I warn you in advance that you will make more enemies than friends in

doing it, because there are a heck of a lot more people who would rather—

Hon. Mr. Wrye: No wonder you are encouraging me.

Mr. Ramsay: Yes, but do not worry about that.

Mr. Gillies: That is right. I have to tell you that somebody accused you of sounding like a Tory. I thought you never sounded better; never.

Mr. Hayes: I do not think we should be looking at this matter as to whether we are going to make or lose friends. We should be looking at this as the right thing to do if we are really serious about reducing the amount of overtime and creating jobs.

You spoke about some of the tradesmen working six and seven days a week who have almost found this a way of life. I know, from working in the auto industry, that it is a case where they are in a position where they know some of these corporations are not going to hire any more people. It is cheaper for them to work overtime than it is to hire more people and have to pay the benefits. I know it has happened many times where companies have scheduled overtime at the same time as they have already had notification for layoffs.

Hon. Mr. Wrye: Sure, I have seen that.

Mr. Hayes: I have seen cases where employers have worked people on the Saturday and Sunday and laid them off on the Monday. That is totally wrong as far as I am concerned.

I have one question for the minister, as a starter: What would his stand be as far as employees having the right to refuse overtime past 40 hours is concerned? You made a statement a little earlier with which I do not agree. I know there are a lot of workers who wanted to take the Saturday off, for example, who were flatly refused and threatened with discipline if they did not come in, and at the same time there were other workers who could have replaced those people.

10:20 p.m.

Hon. Mr. Wrye: I am not trying to reach conclusions because you are raising some very important questions with respect to looking at this whole issue. Let me just touch on two: the last one and another one you raised. You went past it but I think it is worth while to come back to it.

With respect to mandatory overtime, should there be limitations on the number of weeks or should there be an absolute limitation that any worker has the right to refuse overtime? Let us

use an example you and I are familiar with. How would it be viewed by Chrysler Canada Ltd. and by perhaps a majority of the workers in the United Auto Workers, local 444, if a group of workers in a section of plant 3—which employs how many on a single shift, Pat; 1,500 workers?—

Mr. Hayes: Probably around that.

Hon. Mr. Wrye: —if a group of 100 workers said, “Hold on a minute, we do not want to work this Saturday?”

There is some justification, in that to some extent the livelihood of those workers depends on the economic wellbeing of the company. If the company is running a hot product, there may be a limitation. I would be inclined to say no to totally voluntary overtime because it could lead to that kind of disruption, but when you get into every Saturday of every week of the year, I might view matters a little differently. That is an important issue to address. Should there be totally voluntary overtime? If not, where should we cut in?

The second issue you raised is one we need to look at. There is no doubt that one of the things leading to difficulties in terms of an additional work force is the level of benefits. You cannot pretend that is not so. A number of major industrial unions have a well-deserved reputation for leading the country, leading the work force with a level of benefits averaging \$8.50 or \$9 an hour. I am talking about auto workers, steel and a number of other unions.

I do not know whether they have justification, but companies will argue: “Wait a minute. If we hire those extra workers, we are caught up in that whole benefit thing.” There is no easy answer to that.

Mr. Mackenzie: That is just part of the wages.

Hon. Mr. Wrye: That is when it becomes uneconomic. Mr. Gillies made that comment, but I do not think we can say to business and labour out of a clear blue sky, without taking a careful look, “This is the way it is going to be.” We have to bring both parties along and see if we can address the problem with something that is not too drastic, but more effective than what we have had in the past.

Mr. Mackenzie: I would like to know whether the minister is telling us that what we have had over the last year is only a blip or whether it is something he is prepared to deal with.

I am looking at three things: (1) A percentage of the paid work force is working in excess of 40

hours a week—24.8 per cent in 1985, the highest in some time. (2) There was a 20 per cent increase in permits in 1984-85 over the year before, that is, special permits that exceed 100 hours—683 as against 568 the year before. (3) There was the reference week in September, where 7.5 million additional hours were worked in 1985, representing the equivalent of 188,500 hours of work at 40 hours per work week.

In your opinion are these only blips or a situation where we are at a high level of overtime? Is it something that should have been stopped and should be stopped? How else are you going to do it than by taking a hard position on changing the hours of work and dealing with the overtime issue?

To add to Mr. Hayes’s comments, workers are now negotiating voluntary overtime only. I do not know how many contracts have it but I know it is happening on a fairly regular basis. Are you telling us that, while you might be able to negotiate if you have a determined local union, as a tool of this government you are not prepared to move on voluntary overtime?

Hon. Mr. Wrye: I am saying we should take a look at it. I do not think you should necessarily draw that conclusion. I read some of the figures you were using earlier in your leader’s press release. Some of them can be attributed to a recovering economy, for one thing.

In regard to the 24 per cent working more than 40 hours, does that mean 24 per cent working more than 40 hours every week, week in and week out, or does it mean 24 per cent of the work force generally? When they work more than 40 hours, does that mean one hour overtime? Maybe the business I was in was a little different, but I have been both an employee and an employer and most given weeks I—

Mr. Mackenzie: I do not think that is a consistent deal but you would use it in measuring. You would go back to 24.5 per cent or 23.8 per cent in 1983 and 21.6 per cent in 1982 who worked more than a 40-hour week. The point I am making is that we have seen a substantial increase in every one of those categories in the last year.

Hon. Mr. Wrye: What might be more useful, and again I do not have the immediate answer, is how last year compares with 1978-79. I do not think it would surprise either of us if we have an increase from 1982; that was not exactly a boom year in Ontario or anywhere in North America. I am not surprised we have had some changes.

Mr. Mackenzie: The percentage is higher than 1977, 1978, 1979 or 1980, so you can go back to those years as well.

Hon. Mr. Wrye: I do not think you ought to go away with the point of view that I do not acknowledge that there is a problem in some areas and we have moved on it, but we have to look at how extensive the problem is.

Mr. Mackenzie: What have we done to eliminate it? You say you have moved in some areas. It does not show in the last year.

Hon. Mr. Wrye: You may or may not agree with me, but I do not think that in October of a year when the rules have been one way, we ought to stand up and say, "We know the year is 10 months old but we are going to change the rules on you." You and I know that the permits are issued for a calendar year. We can begin to move forward with some changes in the new year. That would be appropriate. It is a difficult and complex issue.

Mr. Mackenzie: It is worth going through some of the major employers and locals. At Inco the unions have demanded an end to scheduled overtime as a way to eliminate planned layoffs. I know the Minister of Labour has admitted that the use of overtime in Inco and Falconbridge is a matter of no small concern.

We have raised Northern Telecom where there are some obvious problems in regard to overtime. At Stelco they worry about what the workers are thinking. The local union president raised it and took some flak at the next meeting. I would say he has overwhelming support in the plant over the issue now, but he took the initiative. It did not come from somewhere else in that situation.

Hon. Mr. Wrye: That is right.

Mr. Mackenzie: We have the General Mills situation where we were raising hell with them two or three years ago and we are back to the same situation again in regard to the overtime hours; 117 of approximately 170 workers work hours in excess of those allowed by the permit.

At Boise Cascade, CUPE local 238 is complaining that workers are putting in 12 to 18 hours a day, in some cases seven days a week, and also claims the company is forcing overtime under threat of disciplinary action.

In case after case this is happening now. As I said, the figures show the extent to which overtime has been used in the last year. What better way of dealing with it is there than taking a look at a 40-hour week and the 44 cap and maybe taking a look at cutting the special-permit use?

Hon. Mr. Wrye: We always welcome your positions on these things. We will look at it.

Mr. Mackenzie: Successive ministers welcome our positions but very rarely move on them. That is my problem.

Hon. Mr. Wrye: We have already given some indications. I think you would agree we have already taken a step forward in that this government has indicated there is a real problem and it has a real concern. I have not been unwilling to say that.

The director of the employment standards branch has moved on the General Mills situation, as you know; 12 charges have currently been laid. It might be helpful to you to know that on Boise Cascade we have now asked that company to provide a printout for analysis purposes.

We are going to use a number of those examples to try to get a handle on what the issue is, and the level of overtime. To give you an example, we talk about the use of those 100-hour permits as if the view is that those 100 hours are all used after 48 hours. I am advised, and my deputy, Mr. Armstrong, can correct me if I am wrong, that the blues, the 100-hour permits, can count against a 40-hour week. That clock can begin to tick right after 40 hours.

Are you suggesting that if a worker on a 40-hour week worked 100 hours of overtime in a year—never mind that he never worked a 48-hour week, no Saturdays and no Sundays—that is excessive over a 12-month period? It works out to just under two hours a week.

Mr. Mackenzie: I think you have to measure it in terms of the kind of problem we have with employment.

Hon. Mr. Wrye: I am not sure. I would like to solve these problems too. I do not think any of us disagrees with what Mr. Ramsay said. If you are suggesting to me that we are going to create a lot of jobs with an hour here and an hour there, that may not be a realistic suggestion. You and I may wish it otherwise, but it may not be realistic.

We are trying to get a handle on whether the use of those 100-hour permits is over and above, let us say, 48 hours. For example, in a plant where they are already working six days a week, are the 100 hours going over and above that or are they going over and above the five-day week? In that case the problem may be of a different dimension.

With respect, I do not think any of us in this room has the answers to all those questions yet, and we should not jump precipitately before we have the answers. Having said that, we should be getting the answers and the government intends to do so.

Mr. Chairman: Does the committee wish to continue on this main vote tomorrow morning?

All right, we will adjourn now and meet here again tomorrow morning at 10 a.m.

Dr. Brown: I do not want to appear churlish but I have commitments out of town tomorrow. I wish to assist the committee in whatever way I can, but I am going to have difficulty altering those commitments. I would be happy to return some other time if that is the wish of the committee, or has it exhausted this subject?

Mr. Chairman: If anyone wishes to receive the benefit of your wisdom at any other time, we will let you know.

Dr. Brown: I will be happy to respond.

Mr. Gillies: First of all, I would like to thank Dr. Brown for his assistance tonight. It was most valuable. If we are going to pursue employment standards tomorrow, I wonder if Mr. Scott will be available.

Hon. Mr. Wrye: Yes.

The committee adjourned at 10:33 p.m.

CONTENTS

Tuesday, December 10, 1985

Opening statement: Mr. Mackenzie	R-513
Ministry administration program	R-517
Adjournment	R-531

SPEAKERS IN THIS ISSUE

Barlow, W. W. (Cambridge PC)
 Gillies, P. A. (Brantford PC)
 Hayes, P. (Essex North NDP)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mackenzie, R. W. (Hamilton East NDP)
 Polsinelli, C. (Yorkview L)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister
 Brown, Dr. R., Research Director, Ontario Task Force on Employment and
 New Technology
 Wolfson, Dr. A. D., Assistant Deputy Minister, Labour Policy Programs



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Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Labour

First Session, 33rd Parliament
Wednesday, December 11, 1985

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Stevenson, K. R. (Durham-York PC)

Substitution:

Polsinelli, C. (Yorkview L) for Mr. Ferraro

Also taking part

Wrye, Hon. W. M., Minister of Labour (Windsor-Sandwich L)

Clerk: Arnott, D.

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

Pathe, L. V., Assistant Deputy Minister, Industrial Relations Division

Scott, J. R., Director, Employment Standards Branch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 11, 1985

The committee met at 10:13 a.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2501, ministry administration program; item 1, main office:

Mr. Chairman: Are there any comments or questions on any of the items in vote 2501?

Hon. Mr. Wrye: Mr. Chairman, before Mr. Mackenzie begins, John Scott, the director of the employment standards branch, is here and Mr. Mackenzie and other members of the committee may find it useful if John came forward and some of the discussions could carry on with him. He has responsibility for the permits, the issue we were discussing when we adjourned last night.

Mr. Mackenzie: I heard the minister say he was looking at the issue of overtime hours; I gather both the hours provided for in the current law and the issuing of permits, but I did not hear anything beyond that as to what he might actually be doing about it. I am not sure I want to go an awful lot further on the hours and the permits without some dialogue at some stage as to what the minister might be planning.

We can go over each one of the companies. I am not sure it will do us much good. You have taken some action on some of them. In the General Mills case, I had already requested Mr. Scott to do an investigation of that three or four weeks ago, based on the information I was given.

Hon. Mr. Wrye: That was already under way. John can correct me; that is why he is here. We had the earlier problem back in March of this year.

Mr. Scott: March 1984, but we investigated in March 1985.

Hon. Mr. Wrye: At that point, John indicated to General Mills that enough was enough.

Mr. Scott: I met with the company and went through the legislation. I showed them where they were in violation. I told them it was to be corrected and that they would be monitored in this coming year. I believe the monitoring took place in August or September and we found that the same situation prevailed. The identical numbers, if I am correct—117 in each case. As a result of that, small charges have been laid.

Mr. Mackenzie: The problem there is that, as in the safety and health situation, we have to be a little quicker to set a couple of examples in respect of charges rather than waiting until somebody calls up or you have a delegation of workers in your office. You get on the phone to the proper department within the ministry and ask them to go back at it again. Obviously, it was not too effective the first time around in the General Mills case and I suspect the same thing applies in any number of the excessive overtime situations.

Hon. Mr. Wrye: I appreciate your dilemma. I have some proposals to put forward to my colleagues as to how we might begin to get a handle on this. In a couple of cases, I have tried to get these matters forward so we could use these estimates for a review. Frankly, I apologize for being a little circumspect here and I realize that. Until we announce anything officially, I am afraid I will have to be circumspect to some extent.

In the General Mills case, I will not speak to what was happening in February or March of this year and why charges were not laid. That is not for me to speak to as the previous government was in place. But in defence of the work my officials, and specifically Mr. Scott, are doing, I think we have acted appropriately in waiting until the year took shape.

Mr. Scott looked appropriately at this situation about eight or nine months into the year and, having got the figures, he reviewed them. Before any prosecution is commenced, these matters are also reviewed with legal counsel in the ministry, with the deputy minister, myself and the appropriate officials. You do not instantly lay a charge. I think the appropriate action was taken, given the concerns. There was no reluctance to move.

I would say in general agreement with you, Mr. Mackenzie, that prosecutions in the occupational health and safety field are a deterrent. I do not think you will get any argument from this minister and this government that there is a deterrence value in a situation such as this.

10:20 a.m.

I am hoping even on an interim basis to indicate that this government expects companies

will abide by the spirit of the legislation even as it now exists. In general, a good number of companies have been coming forward to us and saying: "We have used up the 100 hours. By the way, we will need a special permit." I have suggested this to a couple of companies I have met. I do not think that is good enough. It is very difficult for us to get into a situation where we are being asked to approve retroactively that which has already happened or is under way. It is appropriate that companies understand their obligations under the act and move at the appropriate time. I am not sure moving retroactively is appropriate.

Mr. Mackenzie: One final comment: I suggest to you that the figures we have discussed in the course of these hearings—the increase in permits, the increased percentage, the extent of the number of hours—are a fairly clear indication that the message that there should be some voluntary action or restraint on the part of industry does not appear to be out there. That is the basic point, apart from my disagreement with the extent we are allowing overtime to be used and the potential as far as job creation is concerned. There does not appear to be any clear corporate message in the community that we should not be taking this route because the figures, which at the moment are at a high point, all seem to disprove it.

Hon. Mr. Wrye: We have begun the process. The chairman might deny or confirm this. In an anecdotal way, after the investigation began into the overtime levels being worked in Sudbury, I understand from his colleague, the member for Sudbury East (Mr. Martel) that there was some diminution in the amount of overtime. The 12-month figures will not reflect the eight-month figures we saw at Inco, which were just under 50,000 hours.

Mr. Mackenzie: If you will forgive me, that really proves my point. People started raising the issue. People got concerned about it, the letters started coming in. The issue was raised in the House, and all of a sudden it became an initiative. The same thing applies in that the ministry was a little quick to act in the outlandish cases.

Hon. Mr. Wrye: I will accept responsibility for this. The direction comes from the ministry; our officials have been very vigilant.

Mr. Mackenzie: The direction has to be that we are going to be tougher on it, and that has to come from the minister.

Mr. Scott: Could I add something on the Inco situation I am sure will be of interest? I do not have the report on the reasons for the considerable overtime worked, for instance, by the maintenance worker—it is on its way to me—but we now have that information. I discussed it with our regional manager, and in over 90 per cent of the 30 cases where we asked them to supply reasons why the person worked beyond the limits of the permit, it was deemed to be, in their opinion, emergency work. Our manager there says he believes it would come within section 19 of the act and would not be chargeable against the permit.

It confirms what I thought would come out of the investigation in the mine. With Stelco, you are looking at the reverse. There is very little in the maintenance area; it gets into the production worker.

Mr. Mackenzie: I do not know whether this is done or not, but when we are checking on the necessity of that emergency work, and it may very well be more valid in the mine situation where there is probably even more at stake in terms of safety, it would be interesting to know if that checking was done only with the company officials to verify their argument as to why it was necessary, or whether it also was done at the executive level of the local union.

Mr. Scott: I did meet with the union. I do not have the report yet from my discussions with the Sudbury Mine, Mill and Smelter Workers Union at Falconbridge, and I have not met with the union at Inco, which I will be doing, but we will go through the individual cases. At the time I met with the Mine, Mill at Falconbridge, the statement was made that a fair amount would be considered to be emergency work.

I will be going back to the unions to discuss each case where the company has said there was emergency work.

Hon. Mr. Wrye: I spoke again last night about the complexity of the issue and the whole question of what is or is not emergency work and whether that needs to be more carefully defined or defined at all. It is not an easy issue, and when we get into the emergency area—I think any member of this committee will be sensitive to this—we have to be very careful that the legislation is appropriate and not unduly harsh, and that it does not tie anyone's hands unfairly.

Mr. Mackenzie will be sensitive to this; you have correctly identified the same concern. We may disagree with some of the solutions and you may wish me to move before I want to move, but we are in total agreement with the issue we face,

with what the issue is in terms of overtime, which is whether a lower amount of overtime can lead to a higher level of employment. And I would add a second issue, which is some of the social concerns I have about continuing large amounts of overtime. We must be very careful in addressing the problem.

Mr. Mackenzie: With respect to one other issue which relates, although it is not overtime. Does the government have any plans to look at our position on paid holidays, statutory holidays? We have not seen any movement in this area in decades in this province. Is there anything on tap in that field?

Hon. Mr. Wrye: I said at the outset and I mean it quite candidly—and sometimes we are looking at the current individual issues and, as you know, not only in the accord but outside of it there are a good number of issues we as a government have made commitments to move forward on in the labour area—we have not begun to review those issues. That is why these estimates can be very helpful.

I think you have raised a few very important issues. I appreciated your comments about the vacation last night and your delineation of the current statutory situation in other provinces. With respect to your discussion a week ago Thursday on the issue of staff holidays and the fact that Ontario appears to be lagging toward the bottom end, I will not tell you whether we will do anything, and if we do, what we will do, but you have raised a matter that will be appropriately reviewed in the next little while. There will be an opportunity to deal with this issue in the months to come through the act. It is one we ought not to miss. You have an assurance we are going to take an active and solid look at it.

Mr. Gillies: I think the minister knows how strongly I feel about the subject of overtime, especially in the case of plants working full shifts of regular overtime where they have employees on layoff.

I appreciate the sensitivities involved in not wanting to unduly restrict companies as far as maintenance, emergency situations and so on are concerned. You are quite right to point out the sensitivity of that. I feel strongly about full shifts of regular overtime when we have an unemployment rate which no member of this committee would consider satisfactory, although it has improved somewhat over the last couple of years.

I would ask the minister to look especially at the instances I feel most strongly about, when a company is working full shifts of regular

overtime where, in some cases, there are hundreds of employees on layoff. These are cases which are really unconscionable. I encourage you to look further at that.

10:30 a.m.

Mr. Barlow: I would like to speak on the overtime issue as well. Perhaps I should preface my remarks by suggesting that, through these last five years, I have had experience on both sides of the fence in that I have been parliamentary assistant to the Minister of Labour and, in the most recent months, deputy critic for the Ministry of Labour. But my present responsibility is the small business area. I was pleased from that point of view to hear that you understand it is a big, broad issue, as Mr. Mackenzie and Mr. Gillies have just pointed out.

The areas they are especially concerned about are when there are full shifts of overtime in situations where there are layoffs, and in other situations. Those have to be of concern to us all but there are many small businesses, in particular, where overtime is just a part of life and the employees are pleased to be able to put in an extra two, three, four or five hours a week. It is a little extra bonus in their paycheque at the end of the week.

In addition, there is not enough work to warrant hiring even one other individual, but in order to get the work out, or to get through certain situations, there are many service industries—I think of my own industry which is the moving of machinery—where the work has to be done on the weekends when the plant is closed down.

That sort of thing is absolutely necessary, but there is not enough work to consider hiring other people, even if there were qualified people available for the short time involved. There might be work on Saturday and Sunday, and it could run for several weeks in a row and maybe all summer long, working at weekends, but that is not enough additional work to increase the staff or bring in somebody who has been laid off from another industry. I was very pleased to hear the minister say last night and repeat this morning that it is a very complex problem.

It cannot be a situation of—one term I suppose you could use is—throwing the baby out with the bath water. There are specific cases that require overtime as a way of life, and in most cases, on an irregular basis. The situations Mr. Mackenzie brought up, in the case of many of the larger industries, are a far different setup and require Mr. Scott's attention in greater depth than the smaller ones I am most concerned about; but any change in legislation, if there is change anticipat-

ed, has to recognize that there is more than one situation. Those of us from outside Metropolitan Toronto realize the sun does not rise and set on Metropolitan Toronto. It also does not rise and set on the big businesses that are causing many concerns in your ministry.

I just wanted to make that point and, while I have the floor, one on a subsequent issue Mr. Mackenzie brought up and something the minister says he is going to be looking at: vacation pay and statutory holidays. I would ask you once again to bear in mind this has to be paid for by industry out of existing profits or by increasing the cost of their product or service, so it is not just a cut-and-dried issue. Industry, and I am talking basically on behalf of small business, has to be recognized in any of these situations, any change in legislation.

Hon. Mr. Wrye: Let me start with the statutory holidays and Mr. Mackenzie will have the figures, so correct me if I am wrong. Under federal jurisdiction there are now 10 statutory holidays, and they do include the banks, for example, and somehow the banks have managed to make a profit. In many other jurisdictions across Canada there are now eight or nine days. I think I have the figures here.

Mr. Mackenzie: We are just trailing the pack.

Hon. Mr. Wrye: Yes. With regard to statutory holidays, Newfoundland has five, Nova Scotia, New Brunswick and Quebec have six, Manitoba has seven, as has Ontario, Alberta has eight, British Columbia, Saskatchewan, and it says the federal jurisdiction are at nine; I think it is about to go to 10.

The vacations: everyone is at two weeks which is where we are. British Columbia, Manitoba, Quebec and the federal government are three weeks after four to six years' service, somewhere in that range. Saskatchewan is three weeks after a year's service and four weeks after 10.

I understand what you are saying, but I hope you will agree with me. I think we all have been involved in various enterprises before we got to this place—I worked in both unionized and nonunionized establishments—and over a period of time the number of statutory holidays, the amount of vacation time and the time at which a longer vacation—three or four weeks, or even five—have evolved, and the time to qualify has been shortened.

It has not evolved upward. I guess a few years ago we would remember that a person might get five weeks after 25 years' service. Now it is not uncommon that in some industries one gets five weeks after 15 or 20 years.

When I was first in the broadcasting industry, I think four weeks came after about 20 years. In many of the broadcasting jurisdictions that I am familiar with, it is now four weeks after five or eight years. There has been an evolution of these things, just as there is an evolution of what is happening in the practical industry-by-industry, company-by-company situation, whether it is unionized or otherwise. There has been movement in the nonunion sector, although, as in many areas, the trade union movement tends to lead.

Surely it is time and appropriate—and I am not disagreeing that we do not have to have some balancing of the forces, but I think Mr. Mackenzie's point is appropriate that we do a pretty thorough review of these situations. He has raised, I think properly so, the fact that some jurisdictions are ahead of Ontario. I would not say substantially ahead, except in a couple of instances—certainly Saskatchewan is ahead on the vacation—but they are ahead of Ontario, and we have not reviewed these matters for a long time.

Mr. Mackenzie: I do not have a study on it, although I am told they exist in Europe; I do not know if they exist in America. However, there is apparently a correlation between job creation and the length of the mandatory vacation period. It would be useful to try to pick up that information. Does three weeks, or an increase to four weeks, as we have after 10 years in Saskatchewan, mean more jobs as well? I think that overall we are looking at a package, not any one avenue of taking a look at our problems.

Mr. Barlow: Did we say Ontario is at eight statutory holidays now?

Hon. Mr. Wrye: We are at seven now.

Mr. Barlow: What are they?

Mr. Scott: New Year's Day, Good Friday, Victoria Day, Dominion Day, Labour Day, Thanksgiving Day and Christmas Day.

Mr. Barlow: So Civic Holiday is missing and Boxing Day.

Mr. Mackenzie: Civic Holiday is in effect in many of the provinces where they have additional holidays. It is usually a provincial day. It is called the Provincial Day.

Hon. Mr. Wrye: Quebec has St. Jean Baptiste Day, for example, which is towards the end of June. I think the three days Mr. Mackenzie raised are probably the three that would get prime consideration. Those would be the three areas to look at. In terms of the act, it is under the definition section of public

holidays, so any change would simply add that to the definition of public holidays which is under clause 1(l) of the Employment Standards Act.

Mr. Gillies: On this subject, I do not know if you have a ranking in mind, Mr. Mackenzie, but if you were just going to bring in one more statutory holiday, I think many people would—

Mr. Mackenzie: Think big, Phil, not small.

Hon. Mr. Wrye: Then negotiate down.

Mr. Gillies: If you were just going to bring in one more I would think many people would like Boxing Day. That is a time of year when families get together. Some families never get together except at Christmas, and I just put that forward for your consideration.

10:40 a.m.

Unless we are going to pursue this, there is another subject in the employment standards area I would like to bring up, and that is the whole question of the severance-pay provisions under section 48.

Hon. Mr. Wrye: May I just raise an issue that I would like to make sure is dealt with while John Scott is here? Once we get into severance pay we are going to be into—

Mr. Mackenzie: I would rather stay until we finish with the policy areas and the main office vote, which is what we normally have done. I have no objection if you want to—

Mr. Gillies: I have no problem. I just thought because Mr. Scott was here we might get into some employment standards things, but we can certainly leave that.

Mr. Mackenzie: There are policy issues that relate to both, I understand.

Hon. Mr. Wrye: May I deal with an issue which is off employment standards, but I do not want it to be lost? You raised the issue of our failure to renew Dr. Ubale's contract and I would like to deal with that.

Mr. Gillies: Do you want to get into that now? I was not sure.

Hon. Mr. Wrye: Yes, I do. I do not want to deal with it under the commission because it is a matter and also a situation with—

Mr. Mackenzie: What was that?

Hon. Mr. Wrye: The termination of Dr. Ubale, or what was described as the termination of Dr. Ubale. It was raised in the House by my friend the member for Brantford (Mr. Gillies) and I think it needs and deserves an answer on the

record because the record is now, at best, unclear.

Dr. Ubale had been the race relations commissioner for some six years; had been with the government an additional number of years. Mr. Gillies referred to his contract and I think he would know, having been a member of the executive council, that what Dr. Ubale served under was an order in council. There is a very big difference. It should be on the record that there is.

The order in council was for three years and expired November 30, 1985. If the government was indeed terminating Dr. Ubale or anyone else, it would have revoked the order in council. Instead the order in council expired and after two terms, which I understand was something of a tradition the Conservative government had, we did not renew the order in council. Orders in council are not meant to be for ever.

We had considerable discussion as to whether we would continue this matter. I will admit in candour that it would have been useful had the government made a decision about 10 days earlier. However, the suggestion that Dr. Ubale was informed two weeks before the order in council was to expire is incorrect; it was about three weeks. And your suggestion that the Ministry of Labour or the government was somehow unfair in simply cutting things off is also, to be blunt, inaccurate.

The government was prepared to offer Dr. Ubale substantial employment opportunities, understanding, as we did and I will admit, that his was not an order in council like any other. He was appointed by a full time order in council as opposed to part time. The government was quite prepared to offer a substantial period of contract work with the understanding that at the end of that, there would be a necessity to find employment. But we were not cutting things off, as it were, on November 30. Dr. Ubale chose not to accept the government's offer.

I was told by my staff—and I think you would be surprised that the call would not come directly in to me—that they cannot recollect at any point Dr. Ubale calling me or my staff for an appointment. I was also told by my parliamentary assistant that he had one discussion with Dr. Ubale and indicated that if he was interested in carrying on, he could feel free to call and make an appointment if he wanted to carry on the discussion. No call was ever received. That is the situation.

I am not happy that Dr. Ubale is upset at the order in council not being renewed, but the

government has a right, indeed a responsibility, to seek out new directions after a period of time. In a positive sense, the announcement last week that Dan McIntyre will be the new commissioner of race relations is really good news. Mr. McIntyre is an outstanding individual; he comes with impeccable credentials and qualifications and I think he will give us a lot of new ideas and some new directions in this field.

Briefly, since you raised the question, I signed a couple of letters regarding Scouter Ward. He was hired on a contract, I understand, in February 1985 and the position he filled was that of a gentleman who went to Toronto to fill a leave-of-absence situation. That leave of absence is now ended and the individual who was in the Hamilton office is now full time in Toronto.

Mr. Ward's contract has been renewed to March 31, 1986, and I believe the expectation is that at that point, the matter will be regularized. There will be a competition and he will be able to apply in the normal course of events. He has not been terminated. He continues to work as of this day out of the Hamilton district office and I gather he serves Brantford and some of that area, perhaps even into the three counties of Brant, Oxford and Norfolk. I think that is his catchment area, is it not? Certainly that is where the interest has come from.

That is the situation. He is employed today and the contract has been extended until March 31. At that point, I think the position will be vacant. Right now, it continues on contract because of a number of events, including his predecessor moving to Toronto. There has been nothing untoward about it.

Mr. Gillies: I appreciate that. I want the minister to know that Mr. Ward has been doing some excellent work in our area and I hope it can continue.

I will have to pursue this question of Dr. Ubale because the information you had given us and the information given me by Dr. Ubale are quite different. I want to preface this by saying I have no problem whatsoever with the appointment of Dan McIntyre, as I have told you, and a couple of press people who asked me, after that appointment. Everything I know of Dan McIntyre is positive. I think he is going to do an excellent job for the province as race relations commissioner. People I talked with in Ottawa who have worked with him said that his work with the Canadian Human Rights Commission was exemplary. That is not an issue as far as I am concerned.

I see the whole question of Dr. Ubale's tenure and his nonrenewal under order in council from

two different angles. First, is the priority or lack of same placed on the work that he was doing and on the race relations commissioner, as an office, by you and your government; second, is his treatment as an individual. I want to come at it from both of those angles.

We definitely have a discrepancy in the question of whether or not he was able to secure a meeting with the minister or with the Premier (Mr. Peterson). After the nonrenewal of his order in council—and I know Dr. Ubale, I have worked with him on projects and I will be very open with you—he phoned me to express his displeasure with the way this was handled. I want that right out on the table. You know I did not dream up these questions.

He indicated to me that he repeatedly sought a meeting with you since you assumed the ministry. He was not granted an interview. He told me that he once sat on a platform with the minister at a public event.

Hon. Mr. Wrye: In Windsor.

Mr. Gillies: In that period of time. He also told me that he repeatedly, during those same number of months, sought a meeting with the Premier.

Hon. Mr. Wrye: I cannot speak for the Premier.

10:50 a.m.

Mr. Gillies: I appreciate you cannot. He told me that with the former government, on matters related to visible minorities he had ready access to former Premier Davis. I will not say frequent, but he did have meetings with the former Premier, with the Attorney General, with the cabinet committee on race relations and with other people working in this area. He felt very frustrated with his inability to continue that kind of work under the new administration.

I bring that forward to you as a concern. I dropped in at the news conference for Dan McIntyre when he was appointed, and I saw both the Premier and yourself at that appointment. I thought, it was terrific, that they were obviously attaching the importance of their respective offices to that office of race relations commissioner with the appointment of a new person. Why did you not attach the same degree of importance to the incumbent in the position recently terminated?

Hon. Mr. Wrye: I can only tell you, and I have checked this with my executive assistant, that no request for a meeting was ever made. I do not think a meeting was necessary with regard to

the decision the government took to seek out new directions.

Clearly we were faced with not wanting to have the situation hang as a termination period by renewing it for one year. Had we renewed, it would have been for three years. That would have run things to almost a decade with respect to the commissioner, and we really felt we should get on with matters.

Let me add one other thing. With respect to the previous guy—I do not want to be too partisan here—I think what this government is doing in appointments to agencies, boards and commissions with respect to visible minorities is at least as important and perhaps in the long run more important than any one single individual. Certainly it is a new initiative for a government in this province.

I do not mind saying that and I have said it to those who came to discuss the situation of Dr. Ubale with me. I said it quite bluntly. I think the fact that this government has begun to reach out to the ethnic, visible minority community in a way that has not been done in this province for a very long time is of great long term importance to recognizing the Ontario of 1985. I think Dan McIntyre and Dr. Ubale would agree with that. Those are very important things, but we do have a disagreement.

He may have mentioned some discussion about a meeting to me. I will not deny that he did, because I honestly cannot remember. I must say that the discussion was simply whether it was appropriate after six years to continue the order in council through a three-year renewal. The government's decision was to go in another direction.

Mr. Gillies: I would like to quote to you from a letter Dr. Ubale wrote to Premier Peterson on November 13, because it raises some questions as to the intent of your new directions. It also raises questions as to some activity he possibly had been involved with which he feels did not sit well with the ministry and which may have had something to do with his nonrenewal.

I am quoting from the letter dated November 13 to the Premier: "As you may recall, I have been requesting a meeting with you since you took office in June of this year. The intention as I outlined in my letter to you and in a subsequent meeting with your principal secretary, Mr. Hershell Ezrin, was to ascertain your government's position in the area of race relations and how best we could work together to enhance the racial climate in this province."

"Further, I wish to determine from the government whether it wanted the continuation of my services as race relations commissioner. The very fact that I was not given the opportunity to meet with you, nor informed of your government's position regarding my re-appointment, has led me to assume that race relations does not occupy a priority position on your agenda."

"Subsequent events, such as my exclusion from the staff working group on race relations and lack of notice for the cabinet committee on race relations meetings, also appear to confirm the above."

"This sentiment is further enhanced by the lack of any concrete offer of an equivalent position elsewhere upon completion of my term. I find that the deputy minister's offer of special project work on a contract basis in the Ministry of Labour has added insult to injury."

"It appears that my presentation before the standing committee on procedural affairs and agencies, boards and commissions did not sit well with the Ministry of Labour and, therefore, they may not have been supportive of my continuation. I would like to clarify that, since it was a public inquiry, I could not mislead the committee, the Legislature and, above all, the people of the province for whom I have worked so hard."

In the letter he went on to describe how he talked to the standing committee of this House about the deficiencies he saw in the Human Rights Code and the administrative setup of the commission.

There are a number of very serious matters here. Can you confirm for me that the race relations commissioner for the province was excluded from your staff working group on race relations? Was he not being given notice of cabinet committee on race relations meetings? I fail to see how the cabinet committee on race relations could function effectively without the input of the race relations commissioner for the Ontario Human Rights Commission.

The impression left by this letter, if this is true, is that you were pursuing a course of action which would squeeze Dr. Ubale out of the commission.

Hon. Mr. Wrye: I am going to turn this over to the deputy in a second.

Mr. Gillies: I do not blame you.

Hon. Mr. Wrye: This is an interesting point of view. You used the phrase "squeeze Dr. Ubale out of the commission." The government orders in council serve at the pleasure of the Lieutenant

Governor in Council. I do not think we have to do any squeezing. If the Lieutenant Governor in Council can revoke, then it ultimately decides who enjoys the order in council.

Mr. Polsinelli: I want to interject before your deputy intervenes or makes his statement on this issue. I think we are not paying enough tribute to one very important fact.

The Ontario Human Rights Commission is under the direct responsibility of the Ministry of Labour. Dr. Ubale has not contacted your ministry for an appointment with you. In fact, I spoke to Dr. Ubale prior to November 13 at the Ontario Human Rights Commission conference in Huntsville. He indicated a desire to speak to me about certain points at that time. I was very open with him.

I simply requested that he contact me for an appointment. That was prior to November 13. I never heard from him.

I think Dr. Ubale should realize that if he has certain complaints with respect to the actions of the Premier, the Ontario Human Rights Commission is the responsibility of the Minister of Labour. I am sure he does realize this.

He can make as many allegations as he wants. However, I suspect that those allegations may be political posturing if he has not spoken to the minister or taken the initiative and called the minister's office to speak to him.

Mr. Gillies: I think there are a couple of the questions over which there is still a cloud in this matter, as far as I am concerned: Did he have the opportunity to meet with the minister and did he have the opportunity to meet with the Premier?

Hon. Mr. Wrye: I cannot speak for the Premier. However, the fact of the matter is he did not ask for the opportunity to meet with me. Let me turn this over to the deputy.

Mr. Gillies: I would like to reply to Mr. Polsinelli's point. I appreciate fully that the commissioners of the Ontario Human Rights Commission serve at the pleasure of the government through order in council. However, some of the allegations made in this letter are not about the nonrenewal.

Some of these allegations regard his ability to carry out his duties while he was still the commissioner. It would appear to me that he was being frustrated in his ability to do his job before the end of his term, if he was not included in the staff working group, and was not being given notice of cabinet committee on race relations meetings.

Mr. Polsinelli: Why did he not request an appointment with the minister if those were his concerns?

Hon. Mr. Wrye: Let me ask the deputy to comment.

11 a.m.

Mr. Armstrong: I think I can clear up or at least state the facts about one of those points. This is the first time I have heard that Dr. Ubale is making a complaint about exclusion from the cabinet committee on race relations. To my knowledge, the cabinet committee on race relations has met twice since the new government took over. The second occurred following the termination or the nonrenewal of his order in council.

Let me roll it back a bit. They are chaired by the Attorney General (Mr. Scott). There is a secretary and the Attorney General has staff support for those meetings. At the first meeting, and it is a matter of cabinet record, the officials present were in the main deputy ministers. This contrasts with previous attendance by public servants where a great many more people were there, including the Ministry of Labour, the chairman of the Human Rights Commission, the executive director of the commission, and the commissioner for race relations, none of whom were present at that meeting.

I do not say this critically because, after all, this was the first meeting called by a new minister, a new chairman of a cabinet committee, but there were items on the agenda which, in my view, required the attendance of the officials I mentioned and others. Early in the meeting, I made that position clear and the chairman concurred. He turned to the secretary and said, "Let us make sure at the next meeting the appropriate people from the commission, including the race relations commissioner, are present."

These facts lead me to conclude that the omission of those officials, though essential to the conduct of that business, was inadvertent and not deliberate.

Mr. Gillies: I say to the deputy that I accept that, if it was inadvertent. However, a close working relationship is necessary between the race relations commissioner and the Attorney General, because many issues before the race relations commissioner are of a judicial or justice nature. The necessity of that relationship is well known.

I recall clearly that Dr. Ubale had to work closely with the former Attorney General—I am thinking of Mr. McMurtry especially—and his staff, almost as closely with them on some things as they did with the Minister of Labour. There is no point in us arguing back and forth. He feels he

was squeezed. He feels he was not given access to the minister. You feel he did not request the access. We could argue until we are blue in the face.

I do want to say to the minister—and Lord only knows Dr. Ubale had his promoters and his detractors—I have two news releases here. I am sure the minister has both of them. One would think they were talking about different people. One just decries the loss of this wonderful public servant; the other says good riddance. That is not the point.

I urge you to place a high priority on the work of the race relations commissioner. I urge you to keep in close touch with Mr. McIntyre, your new appointee, and to take a personal interest in the work these people are doing. I think back to the late 1970s with the racial abuse, assaults on the subway system in Metropolitan Toronto and so on. We never want to return to those days.

Many people, including senior officials with the Metro police department, credit Dr. Ubale with a lot of the good work that has moved our province away from those days. For the new commissioner to continue in that direction, all your attention and support will be needed.

Moving away from the office to Dr. Ubale's treatment, the only other thing I would say is I appreciate fully that it was an order-in-council appointment. He served two terms. You did not renew, but the minister will also know many appointees of the government have been renewed beyond two terms. He will also be aware that many people who made a good contribution to the province on one board or commission have been subsequently appointed to others.

I think of Rabbi Gunther Plaut, who served two three-year terms on the human rights commission and whose appointment was renewed for a third term. The present vice-chairman, Marie Marchand, has served two three-year terms and her appointment has now been renewed for a third. They are all good people. After serving the province rather well for six years as race relations commissioner and for two years in other positions, even recognizing that these are appointments at the pleasure of the government, I would ask you to consider whether a senior official of the government has really been treated all that well and whether, after those years of service, he should perhaps be given more consideration.

Hon. Mr. Wrye: I guess we did and I guess we have. That is exactly why we were quite prepared to offer a substantial period of employment to Dr. Ubale. The government was

sensitive to exactly the point of view you have just expressed. I think that point should be made, that a substantial and important piece of work was offered to Dr. Ubale and he was not prepared to accept it.

Mr. Mackenzie: Very quickly, the new appointment is an excellent one. I think the reappointment or lack of it of Dr. Ubale is a total nonissue. I hope we will deal with some of the problems that have developed in the last couple of years when we get to the human rights commission vote. I recognize the right to raise it, although I think we have spent a half an hour here that really should have been under the human rights commission vote a little later on, because the minister's response is valid, and I accept that.

I would like to deal with just two or three of the problems I raised in the opening remarks when we get to that vote and make it clear that Mr. Gillies can run as long as he likes on the human rights issue.

Hon. Mr. Wrye: I would like to deal with some of the issues you raised there on the appropriate vote.

Mr. Gillies: Whether it was raised now or under the human rights vote, it has been dealt with and will not be raised again.

Mr. Mackenzie: Can I change direction just a little. One of the comments you made in your opening remarks, on page 16 of your statement, you said workers should be entitled to a reasonable notice of planned changes in the work place which may fundamentally affect their employment. I guess this goes back to the whole issue around plant moves and closures. I will tie that in to a letter sent to the Premier on October 11 concerning the Massey-Ferguson situation in Toronto.

In responding to John Duff, president of Local 439 of the United Automobile Workers, the Premier, said: "Thank you for your letter of September 4 concerning statements made to your union by the president of Massey-Ferguson about the pending closure of their Toronto operation."

"As you know, my government has identified the issue of prior notification of plant closures as one which we plan to examine very closely. I have asked my colleagues, the Honourable Hugh O'Neil, Minister of Industry, Trade and Technology and the Honourable William Wrye, Minister of Labour, to provide me with a complete report on the situation at Massey-Ferguson as soon as possible. I am grateful that you have brought this matter to my attention."

The question from the local—and I will not go into the background letter—was over the loss of

800 to 900 jobs. Given the Premier's statement, that is an issue you have identified. It is an issue that the minister well knows we have identified and have been raising for a number of years, namely, the question of notification and the justification that we always tied in with it.

Considering that the Premier was saying he has asked you people to respond to this concern, most specifically on Massey-Ferguson, what was said or done to follow that up with the workers and what is the government's intention in terms of initiatives with plant closures and the changes that do fundamentally, as you said in your statement, affect workers? What do you see as reasonable notice in terms of the changes in the legislation or are you looking at changes?

Hon. Mr. Wrye: First, in terms of Massey-Ferguson, if I remember back two or three months, I certainly believe the Premier's office would have been kept fully informed of the situation that evolved at Massey-Ferguson. Clearly, the people in the plant closure branch would have had a continuing involvement.

11:10 a.m.

The whole issue of justification, notice and that kind of thing is one the government is committed to review thoroughly. To be quite candid with you, the review has not begun in any meaningful way. The government has had in the labour area a vast number of initiatives which we have been asked to address, many on an urgent basis: occupational health and safety issues, pay equity, first contract, Workers' Compensation Board reforms, a myriad of issues involving employment standards. You have added a couple more. There is unjust dismissal, pregnancy and adoption leave, treatment of domestics, the list goes on.

To be quite candid, you can put only so much on your plate at one time, and at some point we had to decide that we had enough on our plates and we had to at least start getting some of it off the plate. That has begun. We have begun to finalize government action in a number of areas and we are well along in a number of others.

The issue you raise is probably the next major area for review, and I expect it to begin during the winter break, if we ever get one.

Mr. Mackenzie: My concern is that is a little misleading, and I think your comments underline it. You say employees should be entitled to reasonable notice. The Premier (Mr. Peterson) says it is an issue that this government has identified and plans to examine very closely, but you are not going beyond that. That does not tell me we have much hope of action.

Hon. Mr. Wrye: No. Please do not misunderstand. The Premier says we have identified it. We have identified it as a problem that requires a careful, active review, the kind of review that leads somewhere. You ask a question in the Legislature and the government of the day—whatever government it is, whether it is this Legislature or the Parliament of Canada or any other—stands up and says, "These matters are always under consideration," and somehow one senses they are really not.

I am committing this government, myself, my ministry—and my colleague will be involved because there are important aspects the Ministry of Industry, Trade and Technology will need to be involved in—to a thorough review of this very complex situation.

We had, as you know, some excellent work done in 1979 and 1980 by the select committee on plant closures and employee adjustment, of which you were a member, and of which I believe my colleague and now Minister of Industry, Trade and Technology (Mr. O'Neil) was vice-chairman. A substantial amount of work has been done in that area.

The Premier said the issue had been identified and would be addressed, and I am confirming that. It is not something we are going to look at four years down the road. I am telling you that in general terms my timetable is to sit down with my colleague, the Minister of Industry, Trade and Technology, and try to get on with this matter in the next few months, but I think it is unrealistic, and you can disagree if you want, to expect that we can look at everything at one time. Maybe I am slow learner, but my mind can get around only so many issues.

Mr. Mackenzie: To finish my comments on it for now, I think the issue was identified very clearly when that select committee sat in 1979, 1980 and 1981, so the identification was there five years ago. That is really the point I am making.

Can the minister give us any assurance that when we sit on these estimates again next fall, this issue will be dealt with or that we will have some positive recommendations from this government?

Hon. Mr. Wrye: Yes, we will have dealt with it. How we deal with it, no, I am not going to say you will have legislation in front of the House or whatever. I cannot tell you that. I obviously cannot determine that before we even begin the process.

Your identification is correct. Obviously the first thing we are going to do is go back and

review what was done, what was said and what was recommended, because you did issue an interim report. It has been a while since I looked at it, but as I remember, it came out in late 1980 and I guess the final report was pre-empted by the happenings of March 19, 1981. The committee died at that point, but I think you had some—

Mr. Mackenzie: Just about every and all action died at that point, for four years.

Hon. Mr. Wrye: You and I are probably in agreement on that, too, but it seemed to me the committee did make some important and positive recommendations, even in its interim report, and that is a good starting point for us. There is no doubt about it. The government has made it very clear it is going to review this very complex and difficult area. I read a good number of the Hansards from the various hearings you held with the companies. I hope we can have something positive for you before we are back in this room in the fall of next year.

Mr. Gillies: How do you respond, though, Minister? You and Mr. Mancini, your predecessor as Labour critic, along with other colleagues in your party spent a lot of time in these estimates in recent years criticizing the performance, the size and the efficacy of your plant closure branch. You are there now, you are running the ministry, and you have doubtless had a look at it. Were these criticisms justified? You have a staff of five and I understand this year you are seconding one other person to work there.

Hon. Mr. Wrye: Yes.

Mr. Gillies: Mr. Mancini pointed out in these estimates last year there were five people to deal with 17,000 lost jobs in 1983. Already this year, in 1985, we are talking more jobs lost in industrial situations than were lost in all of 1983.

Is it adequate? You made the criticism as opposition critic, and you are there now. Is the branch adequate? What should you be doing there that perhaps has not been done in the past?

Hon. Mr. Wrye: I do not remember making the criticism.

Mr. Gillies: That is because you are suffering from limousine amnesia, a very common disease.

Specifically, Mr. Mancini spent an awful lot of time in—

Hon. Mr. Wrye: Your amnesia appears to have occurred in kind of a reverse way.

Mr. Gillies: I have sports car amnesia.

Hon. Mr. Wrye: The resources are not limited only to the five. I think you would agree

with me that my special adviser Bob Joyce, who is not one of the five you have identified, plays an enormously important role. Perhaps, as he made the comment, my colleague the member for Essex South (Mr. Mancini) forgot some of the other resources available, for example, the employee counselling program administered through the community college system. In other words, the tentacles of the plant closure branch go beyond just those five, six or seven people.

Mr. Gillies: Is your response that Mr. Mancini was wrong?

Hon. Mr. Wrye: I did not say that, and I would appreciate it if you do not put words in my mouth.

Seriously, I think the size of that branch will be part of the review we have just been talking about. We will review its work and exactly what it ought to have responsibility for, and I guess in a sense some of the decentralized services appropriate for this review over and above the very important and fundamental policy issues that obviously are the reason for the review and something to which the government is committed.

Mr. Gillies: I appreciate that, and I hope you will be looking at it. I know we said earlier we did not particularly want to get into the details of severance pay now, and I will leave the details of it for that vote.

Hon. Mr. Wrye: I guess I should have added that. That is over and above the plant closure branch. Severance and those kinds of issues that often emerge are then handled by Mr. Scott.

11:20 a.m.

Mr. Gillies: Mr. Mackenzie raised Massey-Ferguson. I think the single greatest frustration, as I said in my opening statement, expressed to me by people in my riding comes from those who have been laid off at Massey, some of them since 1979, and because it was termed a temporary layoff, some of them are still, after six years, waiting for their severance pay.

The last time you and I talked about it privately, I understand it has been before the courts and I appreciate the difficulties. But this opens up to me the whole range of what I see as loopholes or inadequacies with section 40a.

Again we see the situation with the Inco mine in Shebandowan. The workers up there who are told that they are on temporary layoff do not look for any severance pay. You and I both know, and the workers certainly believe very strongly, that mine will never open again. It is ridiculous.

Hon. Mr. Wrye: We shared that point with the company when Mr. Aitken was in to see me a little less than two weeks ago. He came in on a Friday morning and we spent about an hour talking about a number of the issues, very difficult issues, with that company and particularly with that mine. The point was made, "Will you pay, over and above the termination notice which was paid, severance?" Mr. Aitken made the point, subject to discussions that Inco was going to have with whatever appropriate local of the steelworkers union. They said, "No, they were not; this was not a closure, it was a temporary shutdown." We said: "That is interesting. We will wait until your meetings carry on."

Mr. Scott, can you help me on this? Have we received a request or any complaint from the union?

Mr. Scott: I have nothing so far. I inquired this morning, sir, and there is nothing in the way of a complaint from anyone.

Hon. Mr. Wrye: Perhaps, Mr. Gillies, there are some discussions between the parties that continue. I am sensitive to what you are saying as it pertains to that individual plant. Certainly you raise a very difficult matter with Massey. I think you know the implications of what you have raised.

Mr. Gillies: I know the complexities of this. I read the paper and I talked to people in my own riding this past week. Massey is after another refinancing package. I appreciate the difficulties the company is in, but as was raised by Mr. Mackenzie, some of the senior employees in the Toronto operation have bumping rights into the combine plant in Brantford. I do not question the fairness of that. Obviously when the United Auto Workers negotiated that contract with Massey they felt that was the fairest route to go. I have no quarrel with that, but you can imagine the bitterness and anger of employees in Brantford who are out on layoff, knowing that in all likelihood they will not be back, seeing other employees of the company coming into town from Toronto, rightly or wrongly. I am just telling you the perception of someone sitting at home or out looking for other work. It just seems to go on and on.

Hon. Mr. Wrye: I do not want to interfere in something that clearly has been bargained.

Mr. Gillies: I do not question that.

Hon. Mr. Wrye: The issue of severance pay in this situation, given the company's situation, is a very difficult one. I gather, and I am going from memory here, that the United Auto

Workers union has recognized that. The matter was to go before a referee and, I believe, has been held off and there are ongoing discussions.

Mr. Armstrong: Just a word on that and then Mr. Scott can augment this or, if necessary, correct it if it is wrong, which it may be.

The Massey problem is a complex one. The issue of entitlement under the Employment Standards Act is complicated by that provision of the regulation that relieves the company of its obligations under certain circumstances if payments continue to be made to employees in a bona fide manner.

There has been a considerable amount of disputation back and forth between the employees, their union and the company as to whether or not the payment that was made under the pension plan relieves the company of its obligation to meet the notice requirements of the act.

Mr. Scott listened to them for some time and finally referred the matter to a referee under section 51 of the act. One of the most respected labour adjudicators in the province, Mr. Picher, was appointed. I believe he embarked on his hearings. Then the parties, the UAW, representing all but two complainants, and the company entered into discussions. I want to be careful, because I would not want to prejudice the discussions, but the last report I received is they were making some progress. In the light of that, Mr. Picher adjourned the proceedings to permit them to conclude those discussions.

Mr. Scott: He has scheduled a couple of dates in May for reconvening if it is necessary.

Mr. Armstrong: That was at the request of the parties themselves.

Mr. Scott: Of the two parties, yes.

Mr. Armstrong: It is a difficult issue. There are some positive indications of a satisfactory resolution and there is little more the ministry can do at this point to move it ahead. In fact, there is nothing more.

Mr. Scott: That is right. I believe that both parties are—I will use the word that was given to me—optimistic about achieving a settlement. That is the word that was passed to me.

Mr. Gillies: I hope so, I say through you, Mr. Chairman. We must always remember to direct our comments through the chair.

Mr. Chairman: The chair appreciates that.

Mr. Gillies: The implications of this, Mr. Minister, go far beyond just the payment of severance pay. The problem that—

Mr. Ramsay: I am used to the inconsistencies of the Tories.

Mr. Gillies: Through you, Mr. Chairman, the implications go beyond the payment of severance pay. The very real difficulty in which these laid off workers find themselves, in a town where there is a large industry that is known to pay well, and in terms of Brantford industry, Massey-Ferguson pays as well as any, is these people are laid off but not terminated, sometimes for a period of years. It places an obstacle in their way when they are seeking other employment. They go in to another company and say, "I want a job here." They say, "What have you done before?" "I was at Massey's for 10 years." They will never say that is one of the major reasons they are not hired, but it is. They know darned well, or they suspect, that if the person is ever called back to Massey's where the difference sometimes is \$6, \$7 or \$8 an hour, they will quit the job and go back. It is a rather sorry spectacle to see these people pleading for severance.

Hon. Mr. Wrye: That is a difficult problem. I can remember, in a community that I am a little more familiar with, having something of the same situation in the automotive downturn of the early 1980s. I think it is a situation that certainly the employees, whether it is Massey or Chrysler or whatever, would acknowledge exists. Many of them want to keep their options open and rightly so. You have raised an interesting point but I do not know if you have raised a point that has any solution.

Let me just raise the spectre of a new problem with severance pay. I want to put this on the table so you are aware of it. You may have more influence with that group in Ottawa than I do. One of the issues under severance, and I am sure you are all aware of it, is that someone about a year and a half ago decided it would be just great if severance pay were treated as earnings for unemployment insurance purposes.

11:30 a.m.

If my critics would like and indeed if members would like, I have some brilliantly reasoned letters from my predecessor, Mr. Ramsay, to Mr. Wilson and to Flora MacDonald and some less-than-brilliantly reasoned replies. Really, and I do not mind saying this, they are quite insulting replies considering the complex issues that were put before the federal government on this matter, I think quite properly, over a period of time.

Since taking over as government we have raised the matter verbally and also through the Premier (Mr. Peterson) to the Prime Minister specifically on the Inco issue. Today we still have this really awful situation, and I think it has

had some impact in the latest rounds of early retirements at Inco and Falconbridge, of severance pay being deducted for unemployment insurance purposes and called earnings.

We now have the additional problem of facing, as we do on January 1, potentially—I have not heard anything otherwise—that they are going to treat pensions exactly the same way. Frankly, while everyone said it was not going to happen, because we have the Forget commission, I have not heard anything that would give me any cause at all to sit here confidently and assure members of this committee today that we will not be into a new and very deep problem on January 1.

I say to my friend the member for Brantford (Mr. Gillies), who knows the Minister of Employment and Immigration and who I believe about eight or nine years ago may actually have worn a button and been part of the Flora syndrome, that as Labour critic he might want to weigh in seriously with a point of view that might be very helpful. It is very important that all members of the Legislature, if we have the view I hold and that the previous government held, make that point of view very clear to Ottawa.

Mr. Gillies: I could not agree more. As far as I am concerned, if severance pay is not a deferred wage, it is darn close to one. It could be considered to have had tax paid on it already. This is a fund to see people through after a period of employment when they are going into what could be a protracted period of unemployment. I just do not see why it would be subject to income tax. It might be a very good subject for a three-party resolution.

Mr. Mackenzie: To wind up on that, I do not think there has been a more insensitive, ill-considered or downright stupid move for workers than the federal government's move both on UIC and on pension benefits, early retirement payments, including workers. The minister is right; it is going to be an ongoing problem. I suspect it is going to be one of the major reasons we are going to have a one-term wonder in Ottawa.

I want to switch to an issue that I think is important. You have talked about unjust-dismissal legislation. I would like to know whether it will deal with a specific and an increasing problem we are having in labour disputes, and that is the fact that more and more companies are discharging workers during a labour dispute. The past practice generally is that you try to get them back in the course of the negotiations. That is becoming increasingly difficult, and there are some pretty flimsy reasons.

There is a case going on right now involving part of the evidence against one of the key people in a strike at Pure Metal here in Toronto, the chap who was the guts of the local union. The accusation, and one of the reasons given for firing him, was that he swore at the foreman during the picket line situation. If you have been on any picket lines at all when feelings run a little high, if all he did was swear at him, then he was being pretty doggone mild.

The point I am making is a broader one. I want to know whether your consideration of legislation on unjust dismissal will deal with the dismissal or the firing of workers during a legal strike and with the difficulty then involved in trying to get them back to work.

Hon. Mr. Wrye: The short answer is yes. Do you want a longer answer?

Mr. Mackenzie: No. We want to know whether that is coming.

Hon. Mr. Wrye: We are working at that. Mr. Pathe, do you want to add anything?

Mr. Pathe: We have considered for some time that an unjust dismissal provision in the Employment Standards Act would get right at that problem. There have been a number of disputes in the past two or three years in which the reinstatement of strikers—in many cases officers of the union—has been among the more difficult issues to resolve. One was Hepburn. I understand there is a lingering dispute at Radio Shack on that score.

Mr. Mackenzie: It is a longtime dispute. I always had some difficulty with straight unjust-dismissal legislation where you do not have a union, for reasons that I admit very frankly and openly. I monitored some of the cases under the federal legislation for a while, and I was amazed to find that, in 50 per cent of the cases or better, they had gone to a union staff rep somewhere to help them prepare their case and make their arguments. I have never been sure it is not a potential detriment to organization, which is a hell of a lot better for the workers. However, even given that argument, I am prepared to accept that we need some action on unjust dismissals.

I want to be sure specifically that it is not limited just to an area where you may not have a union. Mr. Pathe is probably aware of this. I do not know what the overall figures are on firings and the problems with them during labour disputes, but I am told very clearly by some of the staff people in unions that are now involved in this case that it is increasing, it is a difficult

problem and it is more difficult to negotiate them back as part of the negotiation process. If that is developing, then I can see it being used and being once again a danger to workers.

Hon. Mr. Wrye: To expand on my short answer, it was in August or September this year that the outgoing Ontario director of the United Steelworkers of America, David Patterson, and Jim Hayes—with whom I am sure you are familiar, Mr. Mackenzie—were in to see us. We had a discussion on a number of matters. Are you related, Mr. Hayes? Should I give you credit?

Mr. Hayes: Go ahead.

Hon. Mr. Wrye: We had a discussion on a number of matters, and this was raised. I listened intently as they stated their points of view. We had a discussion in which both my deputy and my assistant deputy played an active part.

Out of that there was a view that, as we move forward in this area, this is an appropriate point of view for two reasons. First, I as a minister view it as a kind of crack that people are falling through, and as a loophole we have not addressed. It does not mean a worker will not necessarily end up losing his job for misconduct. I think what you want is the ability to have redress for the worker.

Mr. Mackenzie: A mechanism to arbitrate, as I understand it.

Hon. Mr. Wrye: That is right. You and I are in agreement on that. It is inappropriate not to have a mechanism for workers in those situations to seek redress, so I think it would be appropriate as we move forward.

You and I may have some disagreement generally on unjust dismissal. I hear your viewpoint that it may be a detriment to organizing. That is a consideration, there is no doubt about it.

I hear your viewpoint that unions will do a lot of the work. No doubt they are already doing a lot of work, for example, on workers' compensation in unorganized shops; there is no doubt about that. However, I hope you will agree with me at the end of all this that workers have the right—I hope it will not be trammelled by companies—to organize or not organize as they choose.

I have the responsibility to ensure that where workers are organized, or as in this case, not organized for whatever reason, there is a greater level of job protection. It is not up to me. I cannot run around and check out why several million workers in Ontario are not organized, but it seems to me I have the responsibility to ensure there is a greater level of job protection for the

unorganized than there is today. Your solution may be the best one down the road. I am not necessarily prepared to quarrel with you on that. But that is their choice.

11:40 a.m.

Mr. Mackenzie: I hope you heard my final remarks. Notwithstanding my reservations, I think the legislation is necessary, so I am not arguing. I do think you have to clearly understand that for a new unit, and I think this was actually the second contract in the case I am referring to here but it is happening in a number of cases, it simply means the company can eliminate the key activists in that plant through firing. If you do not have the mechanism to arbitrate that firing during a legal strike situation for whatever remarks may have been made on that picket line, then in effect you are allowing that employer to be able to get rid of the union in that plant by taking out the activists.

Hon. Mr. Wrye: I think we are sensitive to your concern.

Mr. Mackenzie: Can you give me any time frame as to when we can see some of that protection?

Hon. Mr. Wrye: I think you want to raise this matter with my friends opposite. I am not sure we will have changes to the Employment Standards Act in this session. The number of changes is fairly substantial. It might be most useful if we brought it forward as a comprehensive package. I am not sure if we are ready to go yet on all those issues. We have done a great deal of work on unjust dismissal. There is a little more to be done in that area and there is more to be done in other areas affecting the act.

As you know—and we talked about it briefly this morning—you have raised a couple of additional items. If you have more, we have a little time to continue to look at the act, in terms of labour issues and in terms of first contracts. I hope we have some workers' compensation changes and perhaps some amendments to the Occupational Health and Safety Act. With that number of issues, we probably have enough for this session.

Mr. Mackenzie: This is the only remark I intend to make on the Workers' Compensation Board because I think there are other forums and other people who have been involved in it in a way that I have not. It was brought to my attention that one of the people involved in workers' compensation cases under your new setup made the point to one of my people that it was not his job to take over our case load, but to

try to deal with some of the excess caseload that develops on workers' compensation. I have seen the remarks made by my colleague the member for Nickel Belt (Mr. Laughren) in the paper. I know the member for Sudbury East's situation and I know my own situation on WCB. I would hate like hell to find out it was some kind of policy matter or instructions given to the Workers' Compensation Board people who will be dealing with workers' cases.

Hon. Mr. Wrye: You are talking about the office of the worker adviser.

Mr. Mackenzie: That is right. They consider their job as not to take over any of the members' case load. I think one of the things that is wrong with the whole setup is the kind of case load many of the members in this House have. I was a little disturbed when that comment was made.

Mr. Chairman: Mr. Polsinelli, do you have a supplementary on that?

Mr. Polsinelli: It is not a supplementary. It is actually a response because I have had discussions with the director of the office of the worker adviser, Mr. Di Santo, pertaining exactly to that point. He informs me he is issuing a directive to his staff to stop any such statements being made. Their primary concern essentially is that if each member of this Legislature automatically throws 100 or 200 cases to the office of the worker adviser, they just would not be able to handle the work load. They are asking us to refer as few cases as possible until the office is well established and under effective operation.

I have had a number of situations personally where cases were referred to particular individuals in the office. The constituents came back complaining they were not prepared to handle them because of the number of issues.

But it is one point that is under control and on which I have had discussions with Mr. Di Santo. I am sure in the near future it will be resolved. Essentially, I would like to reiterate: they do not want to be immediately swamped, so they would not be able to perform their function. They would like to ease into it gradually. I can appreciate the concern Mr. Di Santo has.

Hon. Mr. Wrye: Since you raise it, I certainly have issued no such instruction, nor will I. I expect to see Mr. Di Santo and I will double-check, but I think you know him well enough to know he would not issue that kind of instruction.

There is a bit of gearing up to all this. I know it can be said, "You knew it was coming along. You should have had everybody in place on October 1." We have had certain situations that

have gone on this year which I think may have delayed the smooth startup of a number of things. Not only the Ministry of Labour, but in other areas.

I think we have made remarkable progress. I do not have an exact number but I think we have well over 15 worker advisers now. I met with them last Friday morning. They were in for an all-day session. Dr. Wolfson might want to add something in just a minute, because Mr. Di Santo reports through him. I think it is a marvellous group. The member for Nickel Belt may have some mixed emotions about that.

Mr. Mackenzie: I was referring only to his comments with regard to the case load. If we were still to maintain this case load, then you have lost half the purpose of this step.

Hon. Mr. Wrye: I was only referring to Mr. Laughren because I think it does include his former constituency assistant.

I think it is a great group, a good mix of people. We are continuing to add people at regular intervals. The figure I used was about 440 active cases or active files by the end of November. My only plea—and Mr. Polsinelli just mentioned it; I have said it before and I do not mind saying it again—I hope all of us as private members will not unload our cases on worker advisers. I hope as we gear this thing up we will turn over complex cases that will take a great deal of our time that we cannot afford, or even turn to them for some advice.

I do not know about any of you, but I know as a private member, I can say quite honestly there have been a number of times when I have wanted and indeed have looked elsewhere for a bit of advice on how one might handle an appeal. I think that is one thing we may do. We may want to go ahead with handling a case personally, but nevertheless seek some advice from the office of the worker adviser where there is a great deal of expertise. That would be a good use. For example, I would encourage all members to do that. Dr. Wolfson, do you have anything to add in terms of last Friday's meeting and what is happening in that office?

Dr. Wolfson: I think most of it has been covered. Just in terms of the resources though and gearing up, since the commencement of the office two months ago, we have retained about 15 people as you mentioned. We plan to double that over the next three or four months. So there is a gearing-up period now. There is training involved in bringing people on stream. I would think the office would begin to have more capability to assume larger case loads as that

happens. The intake though, even without the offloading from constituency offices, is still very significant. I think it is running at about 50 cases a week. So we are going to have to take a look at how to manage that flow.

11:50 a.m.

Mr. Mackenzie: Can I ask the minister specifically if there is any intent to do some cost monitoring, if that is the right expression? I know such a fundamental change would be far in the future, but the minister has heard my party argue on many occasions for a much more broadly-based general income replacement program that might deal not only with workers' compensation but also any number of benefit programs we have. I suspect what you will run into, if a real job is done with the worker advisers and the Workers' Compensation Board, is one hell of a lot larger increase than just doubling it.

There are many organizations involved in it. The amount of work unions are doing as well as members—and other organizations that charge too, which I think, quite frankly, should not be the case for the service to workers. I suspect you are going to find the costs are substantial and I have a suspicion it may be time for the ministry to start trying to monitor the cost and get some feedback from some of the other ministries that may be involved in assistance programs.

You may find a case can be made, sooner than you think, for a pretty basic change to the income replacement procedures we have in this province. I say that only because I know it is not in your immediate plans and it is something that not too many others have accepted, but I have a strong suspicion that it is time to start taking a look at the costs.

Hon. Mr. Wrye: Even that comprehensive insurance plan would not necessarily speak to some of the issues upon which appeals are based. It does in some cases, and I know the areas of which you speak, but not in all.

As you know, we have the new corporate board in place and it is working. They have their second meeting on Friday this week. They are a marvellous group of individuals. At their earlier meetings—apparently the word I got back when I was at a dinner with them—they worked very well together. We all know the chairman. I do not need to speak of him. I am hopeful about the corporate board.

There is some way out of it, as I look at the report this committee has produced out of its consideration of the annual report of the WCB. One of the things we have to do is begin to get an earlier handle on some of these issues going to

appeal. Dr. Elgie understands this and I have indicated a sympathy for Mr. Martel's position.

We have to make sure the issues that all of us in this room deal with as members, and that we take to appeal, are minimized to the issues that are truly contentious. We also have to make sure that the board is functioning as effectively as it can and perhaps a little more effectively than it does.

We are always going to have lost or delayed cheques. We all understand that. Those things, in a large organization such as the board, are always going to happen. We have to do everything we can to minimize them so we can get on with the truly important work that individual members do, that unions do, that legal aid clinics do and that worker advisers do.

Mr. Gillies: I quite agree with the minister's comment. I urge you to get Mr. Di Santo's operation off and running as quickly as possible. The worst thing injured workers can do is take their case to two or three different places without telling the others they have done it. I have had one case like this already; it may or may not be commonplace. It happens; I run into it periodically. They bring it into the provincial member and then they think they are doing themselves a favour by also taking it to the federal member or a worker adviser.

Their frame of reference is, "I am up against this giant bureaucracy and the more people I have working on this the better." In fact, the result is quite the opposite. In five years, I have logged instances such as a file being removed to be photocopied for the use of a member in preparing an appeal and, therefore, being unavailable to officials of the board for up to two weeks. If you have two or three people getting in on it, the confusion and delay it can cause for injured workers is considerable.

Hon. Mr. Wrye: I do not know how you get around that. My experience with that is, if my constituency assistant calls, the board will say: "Hold on a minute. I have the worker's representative, so-and-so from local 444 of the United Auto Workers." We will say that is okay and we will either call back the constituent or we will call the individual at local 444 and ask: "Who is on? Who is going to do it?"

Mr. Gillies: That happens occasionally, yes. You catch a lot of them that way. In one case I had this past week, we requested a copy of the file and had the consent signed and so on. The response from the board was: "We are trying to find that file. Hang on, it is here somewhere."

Three or four days later, they came back and said that Mr. Di Santo's people were working on

it. So I got the injured worker to come into my office here and he said, "Yes, I did tell them some time ago, but nothing was happening on it so I thought I would come and see you."

Hon. Mr. Wrye: Except something was happening, and they were waiting.

Mr. Gillies: Something was happening, but they did not know something was happening.

Hon. Mr. Wrye: If we can do anything positive—something we might note is for Mr. Di Santo to inform his people, if they do not do so already, when they open a file on an individual rather than just dealing with an inquiry, to inform the clients as a matter of course not to go to others, because the case gets lost in the system when there are three people trying to handle it. It is important to Mr. Di Santo's employees that the staff and worker advisers say: "We are going to handle your case. Please do not go to your member because the board only wants one person handling the case."

Mr. Gillies: That would be most useful. In a local community, you can usually work it out. In Brantford, if I get a case, and there is any question as to whether anybody else is on to it, then we check with our federal counterpart. We also check with the unemployment service centre and they do the same with us and keep it moving. Now, there is a new player in the field and it would be very helpful if that was done.

The Vice-Chairman: I am pleased to see the minister still has WCB case work. I do not know why but I thought it might disappear.

Hon. Mr. Wrye: I hoped it would disappear.

Mr. Polsinelli: I was hoping as the parliamentary assistant it would too.

Mr. Hayes: I have another concern that does not deal entirely with your office, but we have talked about ways of creating jobs and about excessive overtime. One thing that has bothered me for some time is when both federal and provincial governments have given corporations funding to create jobs, whether it be through training or retraining to deal with new technology, building expansions or even building new buildings. Under the guise of saying they are going to create jobs, the corporations have been given money to do this, but when it comes down to the bottom line, in some cases they have put the money in automation, robotics and these kinds of things. They have actually eliminated or reduced the number of jobs through automation or robots.

I know it is not entirely under your control, but I was wondering if your ministry is going to put

in some safeguards and make these corporations live up to their obligations when they do accept money from the governments to create jobs.

12 noon

Hon. Mr. Wrye: First of all, it might have been more useful to raise that point with the Treasurer (Mr. Nixon), although it is really scattered throughout the cabinet. There are five or six ministers of whom that question might be asked, and you can add the Premier (Mr. Peterson) on to that, or perhaps start with him.

There is a fair concern, in my judgement and I am certain in that of the government, given some positions the government took during the electoral process this spring, that we ensure where money is given for job creation and where it is targeted to be for job creation, that is indeed what occurs. Money should not be given out on false pretences, as it were.

I do not want to be provocative, but I note the recent report of the Provincial Auditor did have some questions about a former fund, called the Board of Industrial Leadership and Development, which this government has wound up. It asked whether there was appropriate monitoring and whether the ostensible reason for money being distributed was lived up to.

It is not a black-and-white or cut-and-dried issue. In some situations, Mr. Hayes, you may have a case where money may be given, loaned or whatever, not to create jobs but to introduce new technology to retain what jobs there are.

I want to create jobs as much as the next individual, but I do not think in Ontario, in Canada, in North America in 1985 we can pretend that the world of high technology is not here. When I was at Inco in August, a number of the processes they have in the mines in Sudbury and in all the mines, are much safer than the previous processes. The level of extraction is much higher. I do not know that because you may end up needing fewer people, you just cannot do it, when others are doing it.

Let me go to the auto industry. I wandered through the Chrysler van engine plant a year or so ago. They have 160 robots doing some of the worst work the workers had to do, a lot of the welds and other pieces of work on parts of the vehicle that are very difficult to get at. There is a general view that the quality of the product is enhanced because some of that work is literally much more easily done by robots than by humans. It is very difficult for humans to do.

One might say "Don't give money for that," but if the introduction of new technology is necessary to ensure that we retain the jobs we

have and do not lose them because we are either putting out an inferior product or cannot be competitive with the rest of the world, it is not cut and dried.

I agree with you to the extent—and the government believes—that where corporations say they want a grant or a loan to create certain jobs, we ought to try to ensure that those jobs are actually created. I do not think they ought to say they are going to do it and then ignore it.

Mr. Hayes: I can understand what the minister is saying. If a job involves pouring hot molten metal and it is a safety hazard, I can understand getting automation in a job like that. But I have seen lots of jobs, such as spraying oil in the boilers for cylinders on an engine, where corporations have received funds from the government for that change in technology, and it is a simple case of eliminating a job. Such things should be looked at.

I have seen other areas where corporations have received funds for the so-called training of workers. There you have a worker, who for example gets hurt on the job. Rather than letting that person go on compensation, the manager or superintendent puts him into a training centre to watch an Industrial Accident Prevention Association video or something. The person signs and gets credit, and we are training another person. Those things should be looked into. It seems to me there is abuse.

Hon. Mr. Wrye: I hope someone would report it when there is that abuse. One of the easiest ways to end abuse is for people to speak up.

Mr. Hayes: We hope this new government will listen to us.

Hon. Mr. Wrye: The good employers, and there are many, will not be terribly amused if the money they have paid from their business enterprises to the Workers' Compensation Board is being paid to a worker who is not getting the training the WCB thinks he is getting. This is important.

We have, and I believe in it strongly, the protection of Workers' Compensation Board investigators, employment standards branch investigators and occupational health and safety investigators; the list goes on and on. However, the greatest protection is a vigilant work force where people individually or collectively will speak up on their own behalf and protect their interests. We cannot have someone policing the whole province. Where abuses occur, they should be dealt with.

Mr. Gillies: As to both the points that Mr. Hayes raised, if I had been in the Ministry of Skills Development longer than five weeks, one thing I would definitely have moved on, because the volume of complaints was horrendous, would have been instances of people, especially young people, being hired under various government job creation programs, with other workers in the same businesses being displaced or laid off. It is sometimes difficult to establish the relationship between the two when they bring in students or others on these programs.

For instance, it was brought to my attention that someone who worked at a Woolco store for 10 years was laid off at the same time as a young person was brought in under one of our programs. It is difficult to link, but did you get together with the Minister of Skills Development (Mr. Sorbara) to devise some better methods of reacting to those situations?

Hon. Mr. Wrye: I do not know whether my officials have done that. I have not talked to the minister about it. Sometimes it is difficult to link it and sometimes it is not. Belatedly, I might say congratulations for recognizing something that a lot of us talked about for a long time. The Ontario career action program was a prime example of abuse. It was an open secret. It should have been dealt with a long time before.

We have to be vigilant. The quickest way to destroy a program is to have embittered workers who have been laid off or terminated so that someone can be brought in on a subsidy. Then as soon as that person has been brought in on a subsidy for a period of time and supposedly trained, he has to move into the work force and we find he is out the door and three days later another person brought in. I will raise the matter with my colleague. Perhaps I can have something for you before the end of these estimates.

Mr. Gillies: I would appreciate that. I am not saying OCAP is a terrible program by itself, but it was subject to a lot of abuse.

Hon. Mr. Wrye: It was subject to abuse. Before Mr. Mackenzie raises the issue of deterrence, let me raise it: If we had come down hard on some of the greatest instances of abuse, it would have ended it. A lot of us probably have had personal experience with instances where the abuse was pretty obvious.

12:10 p.m.

Mr. Gillies: I encourage you to pursue that. In terms of grant, loan and job creation programs, and the follow-up that goes with them, I compliment your ministry. In my experience, the

Canada-Ontario employment development program that was largely directed by your ministry was one of the best administered. I phoned the ministry two or three years ago when the program was operating to find out what work was being done in my constituency on a certain project, what the grant was, how many people were working and so on. I found the follow-up was exceptional by the standards one applies to these programs.

I draw a different type of problem to your attention. Mr. Hayes raised the issue of people being displaced by technology that may have been funded, however inadvertently, under these programs. When people receive government funding, whether it is through the Ontario Development Corp., your ministry, the Ministry of Skills Development or anything else, the follow-up should be thorough and stringent when they are getting large blocks of public funding.

There was an instance in my area. It was not in my riding, but in the riding of your colleague the Treasurer, under the federal industry and labour adjustment program, where a company received a grant from Ottawa for job creation and plant expansion purposes. I started to receive complaints. I am sure Mr. Nixon did, too, after a period of time when paycheques were bouncing and nobody could find the president of the company. We finally tracked him down and he was serving a penitentiary term for a drug-peddling offence.

When we approached Ottawa about this, they had no idea of it. They did not know where the guy was and they did not know what he had done. They did not seem to have much idea what he did for a living. It was a plant that made vending machines. At the time he was sentenced and put away while his workers stood around at the plant wondering what was going to become of them and whether they would be paid. There were considerable amounts of taxpayers' money in that company.

I urge you to keep up the kind of vigilance I feel you had over COED in any future ventures, because the potential for abuse is considerable if you are not vigilant.

Hon. Mr. Wrye: COED is a little different. I do not disagree with what you are saying about COED. As to ILAP and those kinds of things, the instance you have given is interesting. There have been two criticisms over the years from companies. First, federally or provincially, but particularly federally as I will concede and would have conceded even when you were the government, some of these situations take for ever

before an arrangement is made to give a grant or a loan.

Mr. Gillies: No doubt you are referring to the Herb Gray Hilton?

Hon. Mr. Wrye: No. My sense is that the Federal Business Development Bank takes for ever. The so-called Herb Gray Hilton employs 280 people today and is the centre-piece of the hotel community in Windsor. It is one of the reasons a certain political party will be investing about half a million dollars in my community at the end of January. As you begin to reach out to Essex county, I urge your party to give some consideration one of these days to investing some of your money in a convention in my community. That is what that Hilton has done. I am glad you asked.

Mr. Gillies: I assure the minister I have already invested a little of my party's money.

Hon. Mr. Wrye: That is pretty substantial job creation with all the attendant spinoffs of restaurants and the like. Now there is a second new hotel that is in the midst of opening about two and a half blocks away. That has given the community for the first time the opportunity to have fairly significant conventions.

Mr. Mackenzie: A good place for a Tory convention. They cannot do much damage in that area.

Mr. Gillies: Do not get me wrong. The only reason I brought it up is that we tried to get ILAP to build a hotel in Brantford, and it would not.

Mr. Hayes: Sour grapes.

Mr. Mackenzie: I have a brief issue about your comments on page 23 dealing with the minimum wage. You indicate that the minimum wage was increased to its current level of \$4 an hour effective October 1, 1984 and that a review of the minimum wage is in progress in the ministry. I expect from what you are saying that you are looking at simply an increased cost of living in terms of any adjustment. Has the minister rejected out of hand the idea of a minimum wage that is based on some kind of formula as a percentage of the industrial wage of the province?

Hon. Mr. Wrye: I would not want the minimum wage for Ontario to be uncompetitive with the rest of the country. You are as well aware as I am of the various ranges. We are on the lower middle end now. The high is in Saskatchewan at \$4.50. I think you would agree it is a different province than we have. I believe the next highest is \$4.30.

I want to be sensitive to moving the minimum wage forward. I am also reviewing some of the differentials that now exist and whether they are appropriate. I think that is a matter that ought to give us some concern. We have not looked at that for a while.

Mr. Mackenzie: Essentially you are not prepared to look at a formula that would tie it to the industrial wage.

Hon. Mr. Wrye: To the average industrial wage?

Mr. Gillies: Sort of an ad valorem.

Hon. Mr. Wrye: I do not think I am at this stage. It may be worth considering. I am not sure what it would produce. I am trying to think of the change in the average industrial wage from 1975 to 1985, if one generally moved forward with inflation. I think the consumer price index and AIW tend to move pretty much in tandem. There may be glitches along the way, but the only other change would be whether we would then identify, if the AIW is around, let us say \$12 an hour, and we are at \$4, a certain percentage of the AIW.

Mr. Mackenzie: That is basically the question I am asking.

Hon. Mr. Wrye: Are you suggesting we move the minimum wage to \$5 or \$6 an hour to meet that?

Mr. Mackenzie: I would have no difficulty with a \$5 to \$6 minimum wage. I know you and your party would and so would the Tories.

Hon. Mr. Wrye: Stephen Lewis had some too, ultimately.

Mr. Mackenzie: I understand that. His only problem was in not defending it strongly enough.

Hon. Mr. Wrye: Let me make one last point. I do not remember what I said in my opening statement, but I hope to come forward in the next month or so with changes.

Mr. Mackenzie: That was the other question I was asking. Did you have a time frame you could give us on that?

Mr. Gillies: Could I ask a supplementary on the question of minimum wage? In terms of minimum wage increases, one thing that business representatives have told me they would really appreciate is as much notice as you can possibly give, particularly for such industries as tourism where they are sending out their rate cards. If a hotel business is sending out its rates for the coming summer, it is really helpful to know what the minimum wage is going to be as much in advance as you can tell them.

Hon. Mr. Wrye: I have had a chance to meet with Tourism Ontario. I certainly think you will get some notice. I must tell you in all candor when Tourism Ontario met with me and my staff in September, the complaint was they could not possibly have a minimum wage change before next fall because a lot of them had already sent out their rate cards.

I think there should be some understanding by those groups that minimum wages will change from time to time and they might even anticipate that the minimum wage will move forward and build in some idea of what their costs would be.

Mr. Mackenzie: Who decides, when they send out their rate cards, the needs and rights of workers in terms of a decent pay package?

As you know, we have raised the issue of problems with the use of strikebreakers or scabs in labour disputes many times. I did raise this with you at one of our early meetings when you were first appointed.

12:20 p.m.

On purpose, totally at random, I pulled out two as examples of the kinds of problems that are created. You sure dealt briefly with the Boots strike, and the reaction to it is just one of the spinoffs of the use of strikebreakers. That is how I see them, and I make no bones about it.

I have a letter here that was sent to my colleague, the member for Essex North (Mr. Hayes) by Terry Gorman, president of Local 1285 of the United Auto Workers. It is worth putting on the record:

"I write you at this time as a concerned labour representative on the question of strikes and the hiring of scabs to replace striking workers. I am, in fact, somewhat disappointed that some agreement was not made during the recent negotiations leading up to the so-called accord for a minority Liberal government which would have given us legislation dealing with an anti-scab law. I realize, of course, that we could not expect to obtain everything, as is the case in any negotiations, but in my view anti-scab legislation is as equally important as first contract legislation and more so.

"It is very apparent that companies large and small are systematically destroying newly organized locals in plants and offices as well as those that have been organized for several years by replacing striking workers with hired scabs.

"Although this deliberate destruction of unions is widespread throughout this province and, indeed, this country, we need go no further than our own union for glaring examples."

He deals with a strike situation in a plant called Butcher Engineering in 1977, and a second strike in 1979 where, building on the problems of the first lengthy strike, the company was eventually able to apply for decertification.

He deals also with the 1984, Local 1285, United Auto Workers' strike with Trident Automotive Products where the same thing is happening as at Butcher Engineering, except this particular strike has outlasted the 14 month strike at Butcher.

In this letter, sent to us on September 18, I noticed that an application for decertification had been entered and was then withdrawn by the applicant. I do not know the results of this; I did not try to find out, but then it was subsequently reinstituted. Whether they have succeeded in destroying the local in that particular plant, I do not know.

I also pulled out a letter that was sent to you, Mr. Minister, back on September 23 by Gaye Lamb, who is a staff representative of United Steelworkers of America. Gaye is voicing the frustration of most of the organizers in the steel office here in Toronto where they do a lot of organizing in the industrial ghettos of this city and is also echoing the frustration I quoted from Brando Paris, who is one of the better organizers I have seen in some time of the petitions that he gets after he has applied for certification.

Has the ministry any intention of dealing any further with the issue of the company's ability to operate its business with scabs in strike situations, or is that something the government is not prepared to tackle? We have been largely ineffective with professional strikebreakers.

Hon. Mr. Wrye: Yes, we are prepared to take a look at it. It has not been our first priority. It is a difficult and complex issue, and there is a counterbalancing argument. Let me put the argument business would make to you: If you do not allow a business to continue to operate during a strike, then what have you done to tip the balance of economic power? In Heaven's name, how could a business ever win a strike against a union that came in with an unreasonable demand?

You have been involved in the union movement long enough to understand that these things are all a matter of a balancing of economic power between the two sides. In most cases, unless one side has been totally unrealistic, the best agreement is one where the tough compromises are reached. The letter you read alluded to the fact that any union worth its salt goes in with a long shopping list, understanding that eventually

it will get pared down; the company comes in with its list and it gets pared down.

If you have a company that is running fairly profitably but could very quickly get into a difficult situation, what is to prevent the union from saying: "You cannot open during the strike. You cannot run the place. It is a fairly small company and there are only four in management, you cannot possibly keep the place going so we will not take anything off our list." Maybe that is simplistic, but it seems to me that is the other side of the coin.

I put that to you; I do not know how we move ahead. I know, for example, what has happened in Quebec is a very tough issue and it is not done against just the backdrop of strikebreakers. I do not think anybody in this room likes a lot of what goes on in the picket line. I know that tensions and emotions build very quickly. We saw a public example last week with the Visa strike where there were situations we would all find, to put it mildly and gently, very distasteful.

Mr. Mackenzie: Mr. Minister, I pulled them out—whether they are the best cases or not—as indicative of the requests that are coming to me. Let me put on record this letter to you, because it does make some points that really speak to the argument I am making. The letter to you, dated September 23, says:

"I am writing to inform you of a strike which is now in progress and give you some background on it. The name of the company is Monarch Plastics in Brampton, which employs 90 per cent women who are ethnic people, the main group being East Indian.

"I am a representative of the United Steelworkers of America and started servicing this local in February 1985. One of the first meetings I had with the company was arguing over the lack of toilet paper in washrooms, garbage containers and unkempt lunchrooms. I found this strange in this day and age to be arguing for such basic needs.

"As time went on, I kept hearing complaints of people not being able to be relieved from the machines to go to the washroom; some with waits of 20 minutes and some told to wait till break or lunch. They were told if they did not like it, they could leave. The requests for drinks of water in the hot weather were handled the same way.

"I have been trying to educate these people to stand up for their rights and file complaints. The company is also in violation of the safety and health act and has not held a safety meeting for the past seven months. When I became aware of

this, I wrote to them on this matter, with no response.

"Bargaining broke down and they were forced to strike action on September 8, 1985. The outstanding issues are wages, some Ontario health insurance plan payment and the introduction of a two-tier wage system. If we accept the two-tier system, it means a worker doing the exact same job, making the same production is paid less. Is this fair? What happened to equal pay for equal work?

"This type of system causes dissension and a split amongst the people. It also gives management more reason to eliminate the senior employees because it costs more to keep them. These people recognized that immediately and this is of great concern to them. These people have finally gotten up the courage to act on the unfair treatment of this company by taking strike action, only to find out that the laws in this province allow the company to hire scabs to go in and take their jobs.

"They ask me: 'What is the point, then, of striking when companies can do whatever they want anyway and force us to submit to their demands?'"

I find it very difficult to answer this question, Mr. Minister. We need anti-scab legislation in this province to help force these companies with a relatively small work force back to the bargaining table.

"They know if they hang on for six months there is nothing in law to protect the workers' jobs. How many times must a situation like this happen before the law is changed? Is the right to strike a farce? The company has told everyone by letter if strike action is taken they have absolutely nothing re: benefits, contract language, and everything would have to be bargained from scratch.

"I ask you, is this fair, and what rights do the workers have? The company claims they cannot afford what we are asking for, yet the money that is being spent on security guards, surveillance, cameras and transportation would probably pay for this.

"Complaints have been reported to the employment standards branch from scab labour that proper breaks and working conditions under the Act are not being adhered to by the company. It has been reported to us that the company is also using illegal immigrants for labour, and we are trying to investigate this particular matter.

"I urge you on behalf of these workers and many like them in the province to introduce anti-scab legislation in this province and to help

us with the strike that we have in progress here. We hope that your department will give careful thought and investigation in this matter and inform us of your intention and keep us informed of such."

12:30 p.m.

It is not the specifics so much, because we have had them in a number of cases over the years.

Hon. Mr. Wrye: No, but it puts the other side of the case very well.

Mr. Mackenzie: I think it puts the entire case in some perspective. The workers in that situation, women, ethnics, who as I tried to point out in the Boots situation, see the ability of the company to move in people to do their jobs. In effect, in a strike situation, a scab is stealing a man or woman's job, Mr. Minister.

I do not think there is anything wrong, in a legal strike situation, with setting up a mechanism where the company cannot replace those workers, other than in maintenance or emergency situations or during shutdown periods.

Hon. Mr. Wrye: There is a question of what that does to the bargaining balance. There is no doubt about it. The letter you have raised is a very eloquent example of the difficulties of the current law, over and above the difficulties that strikes or lockouts bring about on the picket line. Any time you have strikebreaking scabs, replacement workers, call them whatever you will, no doubt you have those difficulties. Over and above that there is the issue that as long as that exists, you may have situations such as, certainly taken at their face value, have been reported there.

It is not an easy matter. I do not think—

Mr. Mackenzie: Where we fundamentally differ, Mr. Minister, is you are saying it would upset the balance. I am simply making the argument that I do not think, to use the free trade expression, that the level playing field has been there in terms of labour for some time.

Hon. Mr. Wrye: I guess you are making the argument that it would not upset the balance. It is not an argument I necessarily accept. I do not think you have dealt with the point that I have made. How can you say it would not upset the balance when a union, and maybe a very powerful union could say: "Well, that is fine company, we know you are doing okay, but we

are going to put a big, long list of absolutely ridiculous demands on the table and then we are going to shut you down, and until you accept these ridiculous demands with very little compromise, you are just not going to be in business. If that puts you out of business, so be it." How do you deal with that?

Mr. Mackenzie: You can see that the major unions, the UAW and the Steelworkers, which is the reason why I pulled these two examples out of the file, are not able to deal effectively with this particular problem. My experience, is that in cases I have been directly involved with, the demands have not been the crazy ones you speak of that might scare away management. Most people take the decision to go on strike very seriously to begin with.

Hon. Mr. Wrye: I know the chairman wants to call a halt to this, but it certainly is a concern. The issue and examples you have raised are good ones, no doubt about it. They are reasons why the issue deserves a very careful look. Maybe there is some middle ground, I do not know. I admit to you, we have not begun, as we have not in a couple of other areas, to look at this carefully. We will be canvassing the initiatives other provinces, including Quebec, have taken and the effect of those initiatives, because that is what is most important. What has been the effect of those initiatives in Quebec? We will then move accordingly, based on the results of the review.

Mr. Chairman: Do the committee members want to carry the main office vote 2501?

Mr. Mackenzie: I think we have to, Mr. Chairman. There are still a few questions I want to ask, but I might say in explanation that I suspect the discussion on the other sections, as has happened every year in which I have been involved in the estimates, will be very brief, mainly because a lot of it does get covered in this main office vote, because you do not know where you want to split it up, really.

Vote 2501 agreed to.

Mr. Chairman: We will now adjourn until tomorrow night at 8 p.m. when we are in committee room 1 downstairs and we will deal with the occupational health and safety program. We are adjourned.

The committee adjourned at 12:33 p.m.

CONTENTS

Wednesday, December 11, 1985

Ministry administration program:

Main office R-535

Adjournment R-557

SPEAKERS IN THIS ISSUE

Barlow, W. W. (Cambridge PC)

Elston, Hon. M. J., Minister of Health (Huron-Bruce L)

Gillies, P. A. (Brantford PC)

Hayes, P. (Essex North NDP)

Laughren, F., Chairman (Nickel Belt NDP)

Mackenzie, R. W. (Hamilton East NDP)

Polsinelli, C. (Yorkview L)

Ramsay, D., Vice-Chairman (Timiskaming NDP)

Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

Pathe, L. V., Assistant Deputy Minister, Industrial Relations Division

Scott, J. R., Director, Employment Standards Branch

Wolfson, Dr. A. D., Assistant Deputy Minister, Labour Policy and Programs



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Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Labour

First Session, 33rd Parliament
Thursday, December 12, 1985



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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 12, 1985

The committee met at 8:05 p.m. in room 1.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2504, occupational health and safety program:

Mr. Chairman: The committee will come to order. When we adjourned on Wednesday morning, we had completed the first vote. We had agreed to proceed this evening to vote 2504, occupational health and safety program.

Does the Minister of Labour (Mr. Wrye) have anything to say before we start, perhaps about the Workers' Compensation Board or anything on this vote?

Hon. Mr. Wrye: I want my friend the member for Sudbury East (Mr. Martel) to have a moment gear himself up for his comments.

Let me indicate that we have the following people—I think they are all here—in addition to Tim Armstrong, deputy minister; Dr. Ann Robinson, assistant deputy minister, occupational health and safety division; and Brian Goodman, executive director of the division:

Dr. Peter Pelmeur, director, occupational health branch; Cliff Basken, manager, occupational health and safety advisory service; Jim Wilkinson, acting director, construction health and safety branch; Walter Melinyshyn, director, industrial health and safety branch; Pat Coursey, senior program administrator, industrial health and safety branch; Don Destonis, director, management planning branch; Vic Pakalnis, director, mining health and safety branch; Dr. Geoffrey Wright, director, special studies and services branch; Alan Heath, director, standards and programs branch; Margaret Rodrigues, executive director, finance and administration division; Arthur Gladstone, manager, program development unit; Sandra Glasbeek, manager, strategic policy unit; Mary Beth Currie, manager, occupational health and safety executive director's office; and Dr. Harry Aitken, chief, radiation protection service.

A number of my officials have been here throughout, and I wanted to put their names on the record.

With your indulgence and that of the committee, because I will not be here tomorrow and I know my friend will probably be raising these

questions tonight, I have obtained quick answers to a couple of questions—I know this occurred in the House, but he may wish to raise it here—and I will give him the answers. I could give them to my friend the member for Brantford (Mr. Gillies) as well.

The radon question in Elliot Lake was raised by the member for Sudbury East today. Since 1977, all new houses in Elliot Lake, a total 2,780 housing units, have been tested before occupancy. All have been tested once after occupancy. About 500 houses still require a third test after December 31, 1985. I think that is what you were alluding to, Mr. Martel; that is the date when the unclassified contracts for a radiation technician and part-time secretary expire. Testing will be completed by an outside contractor with expertise in the area.

Mr. Martel: Who is going to test?

Hon. Mr. Wrye: An outside contractor to be named. On your supplementary, you asked whether Denison and Rio Algom would be the people responsible for monitoring in the future. The answer to that is no.

Mr. Martel: Can I ask you a question? Why are you getting out of it? Why is the Ministry of Labour getting out?

Mr. Armstrong: We acted as agents for the Ministry of Housing. We having been doing testing since 1977 with contract employees. The contracts expire December 31. The Canadian Institute for Radiation Safety, a very reputable organization, which I think you know something about, is well positioned to take over this task. We propose to make arrangements for them to do that. They may well have in mind using the same technicians, although I cannot be sure of that. Dr. Robinson nods her head indicating assent to that. I would think that would be a satisfactory arrangement.

Mr. Martel: It is certainly better than the rumour at Elliot Lake that you were going to put Dracula in charge of the blood bank—Denison and Rio Algom.

Mr. Armstrong: No, that is not true.

8:10 p.m.

Hon. Mr. Wrye: I also want to send some information over to my friend, because I know he

wants to raise this item—at least I believe he does; I have no way of knowing—and I have no desire to continue our exchange in the House this afternoon.

In terms of the telephone call and specifically Duracell, what I will give to the member for Dovercourt (Mr. Lupusella) to give to Mr. Martel is the form, which I think he has seen, called "Report of Telephone Calls." This is just the form; I certainly invite any comments. Then I will give him the actual form that was filled out on the September 30 incident.

I do not say this in a provocative way, but I want to tell my friend that after the question was raised again, I asked our officials to look very thoroughly again, and there is no record of an August 13 phone call. I do not know what to make of it, but I can tell him we have looked very carefully and there is no record.

Mr. Martel: I have spoken to both women who called. One woman called on August 13; someone had tried to identify her background because of her accent. The second call was triggered because there was no investigation after the first call.

I guess what bothered me in the minister's answer—I might as well give him the whole bundle—and it continues to bother me—

Hon. Mr. Wrye: I do not think that is noted, by the way, on September 30; maybe it should have been and was not. That is why I am giving you that: so you can have a look at it.

Mr. Martel: Right; I appreciate that. What is bothering me is that there was a phone call; the woman came to me. By the way, she is not down for having an eye problem, although she did have one. She has left the employment of the company. The second call was made because the first call did not trigger an inspection.

As you read out the results today, I must say it blew my mind. If you look at it, it says in January—I am always amazed how the ministry can go on and nothing seems to be wrong—the air sampling and long-term results from mercury were within the permissible limits and manganese was not tested. That was in January.

On December 2, after I raised the matter, the boys went in and found three areas where the mercury limits had been exceeded. They found two people where the personal samples were above the permissible limits for manganese. One worker, a male, was relocated. Three pregnant females were relocated. My information is that at least 10 workers were fired.

I remind the minister of the Doern statement, because the minister indicated to me there does

not seem to be anything out there in terms of people being fired. Ten out of a very small work force—I guess around 150—have gone recently. Does the minister remember Doern saying, "Prohibition of reprisals notwithstanding, an employer can always find some excuse to dismiss an obstreperous employee"?

I might also tell the minister that the woman who first contacted me wore glasses; they gave her a pair of glasses. She could not understand why none of the employees were wearing glasses in this area. By the way, when she was hired she was told she should wear dark clothing because if she wore light clothing it would get very dirty. She was not working in the production end of it; she was in the office.

They provided her with appropriate glasses because she had to go through the work area. She misplaced them and asked for another pair. They told her no, she had to buy her own from here on. Most of the workers only get one set; if they lose them, they provide their own, which many of the workers do not.

The other thing I found interesting in the minister's answer was that five people had bronchitis since July 1985—that is a high number; four people had conjunctivitis—

Hon. Mr. Wrye: The bronchitis—

Mr. Martel: Let me finish.

Hon. Mr. Wrye: I am sorry. I know you want to get to the conjunctivitis, but on the other ones, I am told they essentially were colds. If you want to bring it down, that is what the five people had; they had colds.

Mr. Martel: It is my understanding they had pneumonia. It is also my understanding that at least four had conjunctivitis. I have a nurse who works for me as a researcher. She says it spreads like mad. There were four out of this small work force, yet you have come to the conclusion there were none in the work place, or maybe one was in the work place.

The point I am trying to make is that it is strange that in January, when the ministry went in, they got a clean bill of health, but by December the place had gone to the dogs, to put it mildly. Lead and manganese were exceeded. Workers had eye problems. Women were being relocated. You were writing orders because limits had been exceeded.

It happens too often that companies get clean bills of health when the inspectors go in. Then when someone comes to us and we get the ministry to send someone in, invariably a whole list of orders is issued. The question comes to mind: why do they get a clean bill of health on

regular inspections but not six or seven months later? The history of this is not just that of this plant, Allied Heat or any number of others; it is ongoing.

What is going on? That is what I want to know.

Hon. Mr. Wrye: Can I help you with the sampling? Let me read this and give you a few more numbers. I can share this with you so you have the documents. In my answer I did not want to get into all the testing, but let me read through a couple of things from the briefing notes I have.

"A company result of air sampling in 1984 revealed that at the anode station levels exceeded the limit of 0.05, but rigorous housekeeping decreased the levels to below 0.05 in December 1984." Then we did the sampling in 1985. The ministry confirmed that all levels were within permissible limits.

"A field visit by an OHB hygienist on March 22, 1985, revealed that a potential employee exposure to mercury existed under certain upset conditions. A repeat visit was made to take instantaneous mercury air samples on November 26." That was the week you asked your question.

"The results were as follows. Electrolyte room, 0.1 to 0.3, but fell to 0.1 at the end of the visit. Locker room 0.1 to 0.12. Amalgam room, 0.04 to 0.06. Since some results exceeded the allowable ceiling value of 0.15, long-term sampling was to be carried out today." The briefing note is actually dated the day you asked the question.

Therefore, the plan was to go in; and an ongoing amount of sampling was certainly being done.

I do not know whether that helps you.

Mr. Martel: It does not answer my question, because you have found three areas on the second—

Mr. Chairman: Mr. Martel, is this the beginning of—

Mr. Martel: No, this is not the beginning—

Mr. Chairman: We should get that straight, though; if you do not—

Mr. Martel: I do not want to pre-empt my friend—

Mr. Chairman: We are going to be exchanging critics if you do. Mr. Gillies.

Mr. Gillies: Thanks, Mr. Chairman. I will not be overly lengthy on this section—

Mr. Martel: I will be.

Mr. Gillies: I know; that is why I will not be. I look forward every year to hearing my friend Mr.

Martel's comments on this. I know he has a lot of experience in this area.

There are a few things I would like to ask. First of all, I want to compliment your branch on a lot of the work it has been doing. I felt that occupational health and safety under the past couple of ministers had made some great strides, and you are continuing that. I believe in giving credit where it is due.

8:20 p.m.

I would like to know a number of things. Perhaps I can put these questions out and you can either respond now or later if you want to check on some of them.

I would like know whether you have any thoughts at this point on how and when you will be responding to the task force on health and safety in agriculture. I have had time now, as have a few of my caucus colleagues who are involved in the agriculture end of things, to review the report. We see some good things we would like to see brought in, and we would be most anxious to hear your plans in that regard.

I would like also to ask about some of the things you are bringing in that were part of your statement on November 21. You spoke about the improvements you intended to bring in concerning occupational health and safety, particularly regulations under section 145 regarding greater protection to workers who may be exposed to toxic substances.

We have had a lot of talk. The interest groups you deal with have been concerned about when you will be moving on the designation of more toxic substances. What may we expect the next series of substances to be, or do you have any sort of planned order in that regard? It would be helpful, both to the working people and the companies involved, if we had some idea of a timetable from you on the designation of newly designated toxic substances.

I would like your thoughts on the changes you are bringing in on issuance and enforcement of orders, particularly your intention not to reissue. How do you see that working? What are the implications for the parties that are charged? Will there be some different approaches from your branch regarding charges because of the changes you are making?

Hon. Mr. Wrye: Can I stop you and do a little foreshadowing for you and my friend and the other members of the Legislature? By the time this committee next meets, on Tuesday of next week, you may have some greater information on the designation of toxic substances.

Mr. Gillies: Thank you. I appreciate that.

Your proposed initiative in terms of engineering controls as opposed to safety equipment is a great step forward. We look forward to seeing some details on that. At the same time, I wonder what kind of timetable you have planned on that and what you have planned in terms of educating workers and companies about new controls.

If I can hearken back to my opening statement, here is another instance where the business community is worried. They are worried, perhaps unduly so, about the implications of additional orders and increased costs because of engineering controls. You have an obligation as minister to put some of your intentions on the table. The primary concern to many of them, especially small businesses, is cost.

As I talked to people who represent small business, I got the feeling they have had a good relationship with the occupational health and safety branch in the past. They feel many problems have been worked out co-operatively as opposed to having confrontation. Working co-operatively with your inspectors and people from the branch, they often come up with affordable solutions to individual problems they are happy to make, but they want to know about the implications of a greater emphasis on engineering controls.

Hon. Mr. Wrye: I am not too sure I understand what you are getting at. I am not too sure what your point of view is on this. Are you saying we should not be doing it?

Mr. Gillies: No, I am not saying that at all.

Hon. Mr. Wrye: Are you saying there are people in the business community who do not understand the statement? It sounds like it was fairly clear to you.

Mr. Gillies: It is clear enough to me, but I am not—

Hon. Mr. Wrye: We are going to go into new areas that the previous government feared to go into. That is pretty clear.

Mr. Gillies: Okay. I think this is very clear too. I feel you have an obligation to explain more than you are doing to the people on whom you will be placing these controls. You have an obligation by way of public education, by way of employer and employee education, to tell them what the implications are for their businesses.

If you do not, you are going to perpetuate the idea that is rolling around out there that what you have planned is going to cost them a lot of money and could cost them jobs and could cost them any

competitive situation they have with the people with whom they are competing.

Hon. Mr. Wrye: Are you suggesting, my friend, that you want to get into a phasing situation with respect to health and safety?

Mr. Gillies: Just a minute. If I may say, we have had some good discussions in these estimates so far, but I have been hearing in the last couple of weeks more and more complaints about the belligerent attitude you are taking with employers across this province. You are displaying that again now.

At the merest suggestion that you may not be explaining your intentions clearly enough to the business community you fly off the handle. I think a lot of what you are doing or what you want to do is good, but you have an obligation to explain it in a calm and nonconfrontational manner.

Hon. Mr. Wrye: Maybe I am being unfair, my friend, but I sense you are trying to have it both ways. You are trying to be all in favour of health and safety but you want to make sure you get on the record that it is health and safety unless it costs anything.

Mr. Gillies: No, that is not what I am saying at all.

Hon. Mr. Wrye: Maybe you are suggesting we drop off our new policies to every business. In terms of engineering controls and the instructions we are giving and will continue to give, we have attempted to, without doing business's work, make sure in a better way than has been done in the past that we explain their needs to them.

Where full controls are needed, without doing the work for them, we make sure we assist them. I agree with you there have been complaints in the past that a business has been given orders to clean up and said, "We do not know how to go about doing it." We want to help them, inasmuch as we want to make sure they understand what it is all about.

Mr. Gillies: Great; that is all I was asking.

Hon. Mr. Wrye: That too will be a change from the former government's attitude. We will not, in effect, carry out the engineering studies for them, and they are going to have to abide by those costs.

Mr. Gillies: That is fine. If you had said that in the first place we would not have yelled at each other. I suggest to you those are not the kind of signals they feel they are getting from you. If you were to explain your policies clearly, I do not think you would have much of a problem.

Hon. Mr. Wrye: I think our policies—

Mr. Gillies: They want to know about employee education costs. Dealing with new technologies in the area of engineering controls and so on, they want to know if the costs of employee education are going to fall entirely on them. Will you be beefing up some of your ministry grants and transfers to organizations that work in this area to help them with employee education?

They want to know—and the minister can easily explain this if he explains the costs as clearly as he did a few minutes ago—if they are going to have the same co-operative relationship with your branch that they have had in working out solutions to problems, in small businesses especially, which are practical and affordable.

I have been given many examples where, in the first instance, the ministry inspector's visit seemed to imply the need for grandiose types of equipment. I had one case brought to me in which the ministry was talking about a ventilation system for a very small business that would cost more than \$15,000. They did a quick study, with terrific co-operation from your branch and some talking back and forth. Finally, the desired result was achieved in this case for about \$1,000. That is the sort of thing we are talking about: a co-operative and reasonable approach with an overriding regard for employee protection.

8:30 p.m.

Specifically, could you or your staff give me an update on the situation at Hoover Ball and Bearing (Canada) Ltd. in Tillsonburg? I understand the case went to trial on November 13. I do not know if that trial has been completed or what the results of it were, but I would very much like to hear about that.

As the last thing I will ask at this point, I also would like to know whether there will be some sort of interim report on the ministry's rockburst study. I know it is a five-year study overall and we have a long way to go before the people involved will be reporting. I understand more than \$4 million is going to be spent on it before it is through. In view of the concerns expressed by my friend Mr. Martel and others last year when we had some rather tragic incidents, I wonder whether there may be an interim report or update on that study in the foreseeable future.

Mr. Martel: I might ask my friend across the way, with his concern for industry, who takes the risk in the plant: the employees or the employer? You are not going to find many places in this province where any of the regulations were

established at a level that cost the employer much money.

As I start, let me say to the minister that I am still waiting for a response to Not Yet Healthy, Not Yet Safe. Where is Mr. Goodman? I have been promised it for about a year now. It is easily a year. I am still waiting for that response and I hope it will be forthcoming.

Let me start back in 1968. The first question I ever raised in Queen's Park after I became a member was asked of Allan Lawrence: "I would like to address my question to the Minister of Mines. Did a mining inspector visit the coal plant at Inco in Copper Cliff on Monday, December 18, 1967? If so, what were the findings at that time?"

Of course, Lawrence did not know the answer and he came back a couple of days later with this answer. "Mr. Speaker, a question was asked of me in the House on Friday last by the member for Sudbury East: 'Did a mining inspector visit the coal plant at Inco on Monday, December 18, 1967? If so, what were the findings at that time?'"

"I have now been informed that two engineers of the inspection branch of the Department of Mines made an investigation at the coal plant at Inco in Copper Cliff... This investigation was as a result of complaints received by the department and the findings of the engineers were threefold...."

The findings are irrelevant. I then asked the minister a supplementary question in view of a telegram I had in my possession from the union, which was sent to me on a Sunday at my request. The company was working all the men overtime to clean up the coal plant. I asked how they would know to keep people there, working overtime on Saturday and Sunday.

For those of you who remember Allan Lawrence, he was really indignant. There had been several explosions in the coal plant, and the fact no one was killed was a miracle. Allan was not worried about that. He thought I was trying to embarrass his ministry. He said he was worried about the health and safety of the workers and that was why they were cleaning up. I was trying to drive home that the conditions the inspectors found should be the conditions workers worked under every day of their working lives.

That was the beginning of my involvement in occupational health and safety. What I found out very quickly was that government tipped off management it was going to do an inspection. In spite of Bill 70, I must say I think the workers today are still as vulnerable and powerless as they were prior to Bill 70. I finally got it in my head,

sick as it might be, that all the workers really have from Bill 70 is a consultative role. In the final analysis, you can take anything you want in Bill 70 and the only role the workers have is a consultative role at the initial step in the internal responsibility system, which is not even in the act.

They form part of a health and safety committee. They can tell upper management what is wrong. They have no way of forcing any change. That decision rests entirely with management. I am sure there will be people working overtime, as there have been in the past; and they will tell me, for example, that the right to refuse is there—that is correct—and that they have committees and there are regulated substances—and I shall come back to them, all nine of them—but in the final analysis, if you look at that bill, the only role organized labour has is a consultative one. They do not have the power to change anything.

I could not help but chuckle as my friend across the way made his statement about responsibility. We could ask ourselves a whole series of questions. For example, why the slow promulgation of standards for safety? When promulgated, why the low duty of care imposed on the employer, or the lack of enforcement resources? I shall come back to that. Or when they are employed, why the unwillingness of regulators to be stringent in enforcement? I shall come back to that.

Then there is the weakness of the political and economic position of workers when trying to change any of this. The association with, and their lack of knowledge about, engineering modes and the toxicity of substances used by particular employers is another question. I want to say it is not the employers who are at a disadvantage. My friend would be happy to know that the Workers' Compensation Board gives \$12.5 million to the Employers' Council on Workers' Compensation this year to look after their needs. Organized labour got what—\$400,000 or \$500,000? Do you think the balance is in favour of those who run the risk in the work place, or is the risk for the employer?

I am going to give you some statistics in a moment which will show who is dying in the work place. It is not the employers and it is not management. I might even ask you why the ministry goes in and tests for certain substances with windows and doors open, and not under the real conditions in which employees work. My friend the minister knows what I am alluding to. One does not get the results of conditions under

which the employees work when those doors and windows are closed in the middle of the winter.

My friend across the way might answer some of those questions concerning what is happening to whom in the work place. I have heard the attitude expressed: "You know, we are all in this together, really. In the final analysis, we are in this together. We are trying to make a buck, and why do we not just sit down and talk these things out calmly? We shall get a solution." Yet it is always the same people who take the risk: the workers. Nobody else takes the risk, and I guess after 18 years I have become frustrated that we as a society really do not take the steps necessary to protect working people.

8:40 p.m.

In a study done recently by Kinnersly called *The Hazards of Work*, it says: "The report calculates its statistics by establishing the total number of deaths in all occupations, and then applies the national average to each of the 340 occupational groups it studies." This average is called 100. Where less than the average number of deaths for all workers is found, the figure is below 100, and where more, above. On this scientific basis, which takes years to compile, averages are found for deaths from all causes and certain diseases and illnesses. Here are some of the examples:

Coal face miners: deaths from all causes 180; tuberculosis 294; lung cancer 150; bronchitis 293. Construction riggers: deaths from all causes 142; tuberculosis 138; lung cancer 152; bronchitis 149. Engineering labourers: deaths from all causes 139; tuberculosis 169; lung cancer 151; bronchitis 217.

Those are all above 100, every last one of them. One can go right down the list, even to kitchen hands, where the number of deaths from all causes is 130, tuberculosis 410, lung cancer 88 and bronchitis 165.

From the working group—I have left some of them out—let us shift to the professional group. Mine managers: deaths from all causes 66—under 100; tuberculosis only 18; lung cancer 56; bronchitis 33. Contracting managers: 50 deaths from all causes; tuberculosis 33; lung cancer 66; bronchitis 21. Ministers and MPs: 75 deaths from all causes—I am not sure what that is; tuberculosis only 29; lung cancer 69; bronchitis 28. I will not mention my own group—teachers—because we are very low: deaths from all causes 60; tuberculosis 23; lung cancer 34; and bronchitis 23.

Who is dying in the work place? It is not the professional group and it is not the managers; it is the working class.

The statistics are worse than that, if one wants to look at another set of figures from a study by Reasons, Ross and Peterson. Fatalities per 100,000 in mining are 121.2, in construction 33.7, policing 7.6, and finance 1.3. The big Pooh-Bahs with the money are not dying; it is the working class, the miners whom I represent—121 per 100,000 workers.

We hear an awful lot about police. I have sympathy for the death of policemen because policemen have a risky job. It is 7.6 per 100,000.

When I hear the claptrap that it is going to cost industry some money to clean up, that is too damned bad unless we want to put some of the members of the Legislature in their place for a while. The groups that are dying are the working class, the people who go into the smelters, mines, construction sites and sewers. These are the people who are dying. It is not the managers or the owners.

I ask my friend, who is taking the risk? Is it the people he has expressed so much concern about or is it the workers of this province and this country?

Let me give you another interesting statistic. We heard the Attorney General (Mr. Scott) a couple of weeks ago come down with real heavy things on drunken driving and we congratulated him for it. In his statement he used words like "carnage on the highway;" he described situations. We use ads, lawyers, insurance, policemen—you name it—because we want to reduce the average 86,000 people who are hurt on the highways annually in Ontario and the \$200-million cost.

That is all good stuff, but last year in Ontario alone there was somewhere between 400,000 and 450,000 injuries in the shops and plants in this province. Do you realize how much greater that is? It is at least 500 per cent.

I do not know what the statistics are on the number of Ontario Provincial Police and municipal police there are to protect people from drunken drivers and so on. In the Ministry of Labour, we have 280 inspectors to protect the workers in this province. It is an interesting comparison, is it not? We have policemen all over the place and people are clamouring for more policemen; and we have 280 inspectors in the Ministry of Labour—some good, some not so good, maybe some indifferent. But there are 280 and the statistics are 86,000 accidents on the highway and 400,000 to 450,000 in the work place; and someone gets up and says, "We have to protect industry".

I find it difficult, with these statistics, to feel sorry for management, because you cannot have it both ways any longer. It cannot be that the group that leads the attack on improvement for workers' benefits when they are injured at the same time be the group that refuses to introduce meaningful health and safety programs. They want it both ways and they get it both ways, by and large, because we are not tough enough with them.

How can we tolerate 450,000 injuries in the work place annually and nobody comes down heavily on anyone? Management has all the resources in the world to appeal to government to lay off, to back off. We are all in this together, all we have to do is co-operate together and we will have a wonderful time and get the accidents, which are increasing, under control.

I did not even take into this the number of fatalities from industrial diseases, most of which are not yet recognized in this province. Weiler said in his report one in 30. The doctors I have spoken to tell me it is much higher.

You may want to put it in another context, looking at Canada as a whole. Homicides are 1.8 for 100,000 people and criminal code assaults are 46.2 per 100,000; work place fatalities, according to Reasons in his study—and the only industrial disease it includes is cancer—are 33.2 per 100,000. That is 11 times higher in the work place than the homicides right across Canada. The traumatic injuries are 10,570 per 100,000—at least 25 times higher.

Some people might try to rationalize. It is as criminal when someone is killed in the work place as when he is killed on the street because much of it could be prevented. Much of it must be prevented. It is time we were serious about health and safety. If we were, those statistics would not be going up.

8:50 p.m.

Let me give you another set. You can use a whole variety of these things. If one were to look at the frequency of accidents in the period 1967 to 1971, there was an accident every nine seconds. In 1972, there was an accident every eight seconds, and by 1973 to 1976 every seven seconds; and we rationalize how we have to look after industry and not be too tough on them.

If I wanted to, I could go on indefinitely finding comparisons, and they all come down to the same thing: that there are mayhem and slaughter in the work place and somebody has to be prepared to stop it. But I have not seen much willingness in this province, in this country, or anywhere to protect workers.

As I say, the very people who could influence it, the managerial types, the owners, are too busy worrying about their compensation rates. If they wanted to reduce those rates, there is one way of doing it and that is to reduce illnesses and accidents. Those are the very people we keep sending Cliff Basken around Ontario to investigate—the companies that are not complying.

I shall give you another set of statistics afterwards about the number of workers who, seven years after the act came in, still do not have a health and safety committee. I heard my friend say, "We have to educate." That was Russ Ramsay's line. He used to tell us, "We have to educate companies."

If I drive down the street here at 100 miles an hour the police do not tell me they are going to educate me and give me a second chance. But you can go into company after company that does not have a health and safety committee and we do not lay a charge, and seven years after the act comes in we are going to educate them. The very people who have the final say under this act are the people who could change it, and the people who are getting wasted—that is a word my kids use—have no say. They have a consultative role, primarily, in the final analysis.

There is another study that came out recently that showed what the costs were in Canada. The cost of accidents in 1980—it is difficult to get all these figures right up to date—was \$6.7 thousand million. Said another way, I think it is \$37 billion if you take all the accidents, medical costs and those costs not directly attributable. The study was done by Ircen, *The Dimension of Industrial Disease: Research in Current Issues*, Series 35, Industrial Relations Centre. A cost of \$37 billion; we cannot afford to clean up the work place, though. Society can lay out much of the cost for that.

A cost of \$6.7 thousand million. Just to get that correct, I want to make sure. That is 4.5 per cent of the total national payroll for that year. By the way, it compares to 3.3 per cent in 1971, and these are taken from the compensation board figures across Canada, compiled and so on. Again I have to tell you that these do not include the occupationally-related diseases, because, as we know, for most of them you cannot establish a claim.

We tolerate this system and we rationalize and we justify and we go on and on. If the statistics are going up, what does it say about Bill 70 and its effects? It says that it has not really changed much. I was at a meeting recently in Guelph with

385 people who are involved in occupational health and safety, and they tell me that in the past three years nothing has changed. I have been away for a couple of years from this particular little pleasure of mine.

I meet once a month with the Ontario Federation of Labour and I meet once a month with union representatives from all the major unions and from the various community groups. When I came back to this this fall it was as though time had stood still in Ontario. What is starting to mount in my office—I did not bother to bring them; the pile is too high. I shall bring them in on Tuesday or Wednesday and we shall go at them company by company. The answer the minister gave me today is the typical response we had in 1981, 1982 and 1983, and it is still there.

It is interesting as one gets these cases. Where are they? The internal responsibility system is not working. Who is on the committee? We do not know how they are being appointed, particularly in the unorganized places. I told Mr. Goodman tonight that some time next week I will give him the name of a company where the owner and the manager—I could be wrong—or the vice-president, are on the management side of the occupational health and safety committee and their two sons are on the other side. Is not that a wonderful arrangement? One's faith is really shaken. Other people think that is good stuff. "They have a health and safety committee at least." I find it frustrating that the manager's son is on the other side.

Who makes the decisions for the internal responsibility system? People I have met with in about six meetings this fall say to me that it is still the same problem, there are still the same complaints. They spend most of their time, they tell me, fighting with health inspectors or inspectors from the Ministry of Labour. They are still frustrated by the ministry's role in enforcement or lack of enforcement. The right to refuse, of course, is used so frequently in Ontario.

Do you remember when we brought this act in, Mr. Chairman, my colleague who is chairing the meeting, it was said the province was just going to disintegrate because of the great number of work refusals in the work place. It would halt production in this province.

Last year, there were 139 instances of refusal—I shall come back to that figure in a little while—in 170,000 work places; and do you know why they will not use it? Intimidation, reprisal, any variety of reasons. Right to know: same problem. We shall come back to that.

On the regulation of toxic substances we are going to talk about the minister's statement. My friend said he was going too far and he should help management understand it. I am going to say he is not going far enough.

Of course, the most vulnerable are the unorganized. There are horror stories among the unorganized by people who will not come forward. They are just quite unbelievable. They will tell you, "No, I am not giving you my name and I am just telling you what happened." Cut hands, fingers amputated where there is not even a compensation claim filed. Nothing. Because they do not want to get fired.

9 p.m.

I shall come back to these on Tuesday and Wednesday because I am going to put my files in particular categories. I did not have time to do it for today.

Let me look at committees for a moment. Theoretically, every plant with over 20 workers is supposed to have a committee unless of course there are some designated substances. I have never been able to understand that magic figure 20. I really have not. Perhaps you are not at risk when there are only 19 in the work place, and when you get over 20 you are at risk, and if you die and you do not have a committee, it is because there is some strange reason.

Do you remember Moly Budnam? I guess it was at Northern Telecom Canada Ltd. in London. They were playing around with barium, and when they were inspected they simply sent it off to a couple of small companies with less than 20 workers. That was the solution to the problem, because with under 20 workers you are not at risk; it is only when you have over 20, then it becomes a hazard. I say to you that the reverse is just the opposite. There are probably more people at risk under 20 than above it, because at least in most of the plants with over 20 you are organized.

In a study by Eric Tucker in January 1985—he is an assistant professor of law at Osgoode Hall, York University—he says the Ministry of Labour lists—these figures might not be precise—72,230 firms under the jurisdiction of the industrial health and safety branch representing 2,254,631 employees.

In his paper, Tucker says that from his discussions with the Workers' Compensation Board they collect premiums from approximately 150,000 companies that should come under the industrial health and safety branch with at least 2,900,000 employees. A quick perusal of

those figures says at least 650,000 do not have protection.

It is a mystery to me how that can happen. The ministry, which will have the weekend to prepare, may be able to tell me how it is that the WCB says there should be 150,000 companies and then it gets 72,000. And perhaps you can tell me if all the workers in plants of over 20 are protected by health and safety committees.

If you cannot justify or substantiate that all workers who are supposed to be protected are protected, can you tell me why six or seven years after the act came into force this is still occurring in Ontario, why everyone who is supposed to be protected is not? Another interesting figure he throws around is that approximately 63 per cent of unionized workers under the industrial health and safety branch have joint committees. He has obviously done some home work. You may be able to shake his figures. But only 32 per cent of the nonunion workers will have health and safety committees—the most vulnerable percentage.

In 1983 and 1984, according to Tucker, 60 per cent of unionized firms and 45 per cent of nonunionized shops were inspected. One then has to answer the obvious questions: why are we not getting into all the plants? Why are the most vulnerable getting the least protection?

Another thing the union has complained to me about is enforcement. Look at your own figures. My friend did not bother to. I am going to see if I can find some figures here on what is happening. They are here somewhere. Here they are. One wants to look at how well this act is working. If one just looks at the Annual Report of the Ministry of Labour, 1983-1984, the number of nonfatal accidents in industrial plants reported was 83,993. That is down from 85,992 the year before. The number of nonfatal accidents reported is down. There were 48 fatalities investigated in 1983-84. Imagine if that were policemen? The province would go crazy and so would the country. But they are only workers, and that is down from 54 in 1982-83.

The one I like, though, is the number of orders issued. It was 48,881 and a full 10 per cent of them had to be reissued. If you issue an order, there is usually a violation of the act. One has to ask why management decided it could ignore the orders issued, and why the ministry had to go back and reissue a full 10 per cent of those orders? They are really in dread of the Ministry of Labour, are they not? Because the fines are so minuscule that it is cheaper for management to ignore the order than to comply with it. Because

out of the 10 per cent reordered, the Ministry prosecuted 88.

Now if that is not a licence to go right on your merry way and ignore orders by the Ministry of Labour, I am not sure what it is. The fines for all those 67 convictions totalled \$214,000. That would scare any employer, would it not? If you divide the number of convictions into the amount of the fines, you get a licence to commit mayhem and to ignore the ministry. Why be concerned, because you take your chances and chances are high the ministry will just reissue an order?

Hon. Mr. Wrye: Can I just—

Mr. Martel: I am just going by your own report.

Hon. Mr. Wrye: I know.

Mr. Martel: That is all I am going to do.

Hon. Mr. Wrye: —take a swallow of water. Just so I am clear, are you talking about the industrial health and safety branch? You are not talking about the overall number of prosecutions.

Mr. Martel: I am talking about just the industrial sector.

Hon. Mr. Wrye: Okay, that is what I thought it was.

Mr. Martel: Just in the industrial sector. It is just as good in mining or construction. I can give you the numbers for mining. The number of orders issued was 5,000. The number of stop orders—unfortunately, I cannot find here how many were reissued in the mining sector. Maybe I have missed it. There were only nine fatalities in the year. That is up from three the year before. I do not think they have ever prosecuted. Yes, one case. Whoop-de-do. There were 5,000 orders issued: one prosecution, one conviction. Again, I am sure the people in the mining industry just quake in their boots as they do in the industrial and construction sectors. I have it somewhere here too. Here it is. They quake in their boots at the prospect of the prosecutions.

9:10 p.m.

In the construction end, there were 24,000 orders issued in 1983. The number of repeat orders is 3,511. That is about 15 per cent. There were 309 cases prosecuted, and of those, there were 261 convictions. I read somewhere that at least 70 of those were against the employees. I am not saying that employees should not be prosecuted when they violate the act, but a full 15 per cent of the orders were reissued. That is an indication they are horrified with the way the ministry is going to lean on them. From those 261 convictions, the fines amounted to \$274,000.

That is enough to make you want to introduce health and safety measures.

Imagine if you have the possibility of a \$1,000 prosecution. It will cost you a fine of \$1,000. The average fine is about \$1,300. A new ventilation system is going to cost you \$50,000. Which one are you going to take? I would take my chances because if I get caught I would pay \$1,000. The first order is the contravention of the act. I am sure the deputy agrees with that. The second one, a repeat, is a further contravention because they failed to comply with the first one. It shows how frightened they are of the ministry when 15 per cent have to be repeated.

I am not saying construction is the easiest industry to deal with. I understand the difficulties. I have talked to the construction men about the difficulty for them in this field. None the less, it is as though there is a licence because nobody is frightened by the costs. They just are not. They have gone up a little in the last couple of years, but nothing that is going to serve as a deterrent, and they are so fearful of the ministry that a full 15 per cent chose to ignore to respect the first order.

Hon. Mr. Wrye: Again, if I might, and—

Mr. Martel: Be my guest.

Hon. Mr. Wrye: I certainly do not want to be argumentative and—

Mr. Martel: No.

Hon. Mr. Wrye: I think it fair to put this on the record. I hear what you are saying in terms of fines, but I want to note that Cooper Canada pleaded guilty. They pleaded guilty to a charge we laid under section 14 after a fatality earlier this year. The company—I believe it was today, but it may have been in the last couple of days—was fined \$15,000. We requested the maximum fine of \$25,000. I make that point only to indicate, and to be fair you would want to acknowledge, that to some extent we have no total control over the courts.

I would also make this other point, to be fair to you, that we are looking at the maximum level of fines in our review. It may be that in 1985 a maximum fine of \$25,000 is inappropriate.

Mr. Martel: Did that involve a fatality, did you say, Mr. Minister? Was there a fatality involved?

Hon. Mr. Wrye: When was that? May or June?

Mr. Goodman: It is the Rosa del Guidice case.

Mr. Martel: The company was convicted.

Mr. Goodman: The company—

Mr. Martel: Life is pretty cheap in Ontario. I remember the argument I had with—

Hon. Mr. Wrye: The maximum was requested.

Mr. Martel: Right. I understand that. I remember asking the former Attorney General, when our friend the good judge from northwestern Ontario said this legislation was a piece of social legislation, to talk to the judges and remind them this was not a piece of social legislation. Certainly the act has to be reviewed. A life is worth more than \$15,000. The point I am trying to drive home is that I used to do this comparison years ago. I said to the ministry then: "I can understand if there are repeat orders if it means new ventilation and the equipment cannot be had by the time the next inspection occurs."

I am prepared to accept that, but I am not prepared to accept a full 15 per cent repeat orders. I would rather the minister went to court and lost every day of the week trying to get convictions because these people failed to acknowledge the order being issued and implemented, than to see this minimal number of prosecutions as though you need an ironclad case to go. I understand you have to have precedent on your side and if you lose one then it becomes more difficult. You might hire a top lawyer to prosecute some of these cases. You might even hire Mr. Sopinka.

Mr. Armstrong: That has been done—

Mr. Martel: I understand that.

Mr. Armstrong: —in prosecution of offences under this act.

Mr. Martel: Keep hiring him and J. J. Robinette.

Mr. Armstrong: I am not talking about Mr. Sopinka. I am talking about Austin Cooper.

Mr. Martel: That is right. Better get them all. Hire the best.

Mr. Armstrong: We have.

Mr. Martel: For God's sake, in mining last year, you only prosecuted 309 cases out of 24,000 violations, and you had to repeat 15 per cent of them. Under mining, you had one prosecution out of 5,000 orders.

Mr. Goodman: Last year we had three.

Mr. Martel: Three? I am going by 1983-84.

Mr. Goodman: From 1983-84 we had one.

Mr. Martel: Let me see what I have here. I am just going by the figures the Ministry of Labour puts in its annual report. It says here—maybe I am

wrong—number of prosecution cases: one in 1983-84. Number of convictions: one. I am only using your figures.

Mr. Armstrong: From 1983-84.

Hon. Mr. Wrye: In 1984-85, just to be helpful, construction had 238, the industrial health and safety branch 91, mining three. That is total of 333.

Mr. Martel: Maybe you would like to tell me how many orders were given in total for all three, and how many had to be repeated. That would make a real comparison as to whether we are getting tough or if we are pussycats. What worries me when you look at the figures—

Hon. Mr. Wrye: I agree with you. I just leaned over and said to the chairman, "You had a 10 per cent reissue order rate," and I think if the reissue rate in 1986-87, when those figures come out, whenever they do, is one-tenth of that, I would be surprised, because we are not going to any more. I acknowledge the same kind of exception you do. You do not charge and haul someone into court when that last piece of equipment they promised to have in place by such and such a date was on a truck and fell off the truck. But those are going to be the exceptions, and 10 per cent or 15 per cent, in the government's judgement, in agreement with you, Mr. Martel, is not an exception. It is an exception that is close to becoming a rule and some of those reissued will be well on the way. To balance that off, there is the fact that a lot of the orders that do not get reissued are very minor orders. The compliance is very quick, and so that figure of 3,000 or 4,000 is quite disturbing.

Mr. Martel: I am glad it is finally reaching home, because I used to make these comparisons in the late 1970s and the early 1980s. I used to ask if when they were reporting they could indicate how many of the repeats are for ventilation equipment and so on, where there was a real circumstance that prevented the compliance with the order at precisely the time ordered. In that way, we would have some handle on who is repeating and who is just violating the act with impunity, because I agree we have, once we have issued an order, to give time to have the work done. But I still think we have to know those who simply violate the act.

9:20 p.m.

Hon. Mr. Wrye: Again, there is a problem you get into and I can remember a couple of specific instances. They were ventilation orders but they were repeat orders and they were reissued a number of times and nothing had been

done. If we gave you a ventilation order, it may look as though it was reissued because they were on the road but they were not.

It is much better under the new orders policy that for that kind of difficult situation that there will be compliance dates. In a sense, in this complex area we are not reissuing any more. We are doing it in a different standard, but there will be compliance dates for certain aspects of the work, so we can ensure our bottom line is going to be met.

I do not know whether you agree, but that is a responsible and reasonable way of doing things where we can get done what we want done, and yet do it over a period of time in a responsible way.

Mr. Martel: Let me move on to the right to refuse. The unions complain about this, but we do not get too many complaints from the unorganized because they are afraid to talk to anyone.

In 1983-84 the ministry investigated 139 work refusals. Of those, 91 per cent were in union shops and nine per cent in nonunion shops. The most vulnerable are the unorganized. There were nine per cent work stoppages, which is roughly 13 work stoppages. I suppose 10 were fired if the company ever found out who they were.

What irritates me is that, although we know this, fewer inspections occur in work places that are nonunionized than in unionized shops. Maybe somebody can tell me the logic of that. If these figures are correct, why would fewer inspections occur in nonunion shops? Is the ministry sitting around waiting for someone to complain? Instead of sitting around contemplating its navel, it might get somebody out there looking at these shops. It is as though you are waiting for it to happen. It is not going to happen.

People do not trust the ministry. Let us just use the last one I gave you, Allied Heat Treat Ltd. as an example. Your inspectors walked in and they asked the worker, in front of the manager, if everything was okay. What the hell did that inspector expect for an answer? Did he expect that the worker was going to go around and illustrate everything wrong in the plant or he was going to say everything was great in Denmark? Of course, he is going to get an answer that everything is okay.

I used to complain about this four or five years ago. Tell me why it has not changed. Tell me why you have not issued a directive to inspectors to say, "Damn it all, you will not consult the workers in front of the owners or the managers." Tell me why that has not happened when you

know the vulnerability of the unorganized workers that inspectors are still asking in front of the manager if everything is okay.

Those are not difficult things to overcome, but we have not moved to that yet. Maybe you can bring me in a directive sent to all your inspectors in the past three or four years that said, "You will not do that." I presume a directive went out after I raised it in 1982 and 1983 and so on saying, "Never consult workers or ask them in front of the employer if everything is okay." Maybe somebody would give me a copy of that directive that went to all the inspectors so I would know and feel assured that it happened. But I do not believe it happened. I hope you prove me wrong.

Again, I ask the question: why are the fewest inspections taking place in the plants representing the most vulnerable? One only has to look at the statistics to see who is complaining. You know full well who gets service. It is the people with a union. At least they have the right if someone tries to dismiss them to go to arbitration. The union will take it there, but not so the unorganized.

Even where there was a union, there were reprisals. We will come to the one regarding the young worker in my friend's riding shortly. You should get ready for it. I am sure Mr. Melinysyn can tell you about it. I spoke to him already.

I want to go to the setting of standards. I must say that as I listened to my friend talk about the difficulties of the employers meeting the standards, I nearly fell off my chair. There are nine standards in the province. We were promised eight or nine in the first little while. We have managed to get nine standards set in the whole of the province.

Mr. Gillies: Mr. Chairman, on a point of order or whatever: I do not know if the member misunderstood me. I was not complaining about the lack of standards or the lack of designated substances at all—quite the opposite. I have a concern about the speed with which the ministry is moving on designation.

Mr. Martel: I am going to come to that too. I am glad you interjected because the standards that have been established have not cost industry many bucks. We have nine. Have we really moved to protect the workers when we have established nine standards, nine regulations, since the act came in? There is something crazy in this province.

I went to watch an interesting film the other night, called *Song of the Canary*. It was about a company in Florida producing pesticides. It also had the whole story of the cotton workers in the

southern United States. I recommend it because what happened there is what happens here.

We have to have an epidemic in this province before we get tough. Look at how tough we have been with the Elliot Lake miners. They still do not have the protection of an act. We fiddle while Rome burns. Oh, yes, they have protection, Tim. You guys get caught in the middle. Is it going to be Alphonse or Gaston who is going to take them on? How many orders were issued in Elliot Lake last year? I think about 1,000 orders were issued in Elliot Lake to Denison Mines Ltd. and Rio Algom Ltd. That is a whole bundle, eh?

Hon. Mr. Wrye: We'll let the mining man answer that.

Mr. Martel: Who is the mining guy? Where is he?

Hon. Mr. Wrye: I do not have it offhand.

Mr. Martel: You do not have it offhand. I do not have it offhand either, but it is high. We did not know whether Alphonse or Gaston was going to prosecute. Even in Falconbridge we decided we could get the workers to work with uranium and not tell them. Thanks to Homer Seguin, he warned the workers. The workers stopped the place, and the next day the Ministry of Labour was in.

The Ministry of Labour will not prosecute, saying: "Oh, no, it is not my problem. I am only involved in those things that come under the injuries and so on. If it is industrial disease, that belongs to Ottawa." I say the company tried to slip it by the workers and get them to work with uranium without warning them. There is something in the act that says you have a responsibility, but you got off the hook. You said, "It is Ottawa's turn." It is like whose turn is it in the barrel.

9:30 p.m.

It goes on and on. In Ontario, as I saw the other evening, there almost has to be an epidemic. In Ontario we have a health and safety bill because of the Elliot Lake miners. At Inco there are more than 100 dead now in one little plant. We got no help from the ministry. A Hamilton doctor helped us. In Elliot Lake the miners simply flew by the seat of their pants.

My friend the member for Nickel Belt (Mr. Laughren) will tell you about Gus Frobel. Those of us who met him recall that tremendous man with some admiration. Then there are Manville and Wilco. When do we err on the side of the workers? When do we err on establishing regulations not on the level that management has

already met, by and large, in Ontario, but on a level that is safe?

One might look at lead when one wants an example. We are sending people back into the plant at the level at which they are taking them out in the United States. Heaven forbid we should err on the side of health and safety; better off that we have them a little higher. Most of the industries reach that level.

All, or the vast majority, of these toxic substances have a latency period. We get the epidemic eventually, do we not? We can always get away from not paying compensation because it is lifestyle, it is everything else but exposure in the work place.

In its paper to the ministry, the Ontario Federation of Labour indicated at least 330 carcinogenic substances existed, some mild and others much more severe. We have managed to regulate nine in six or seven years. That is a real accomplishment. The risk, of course, is to the owners. Steven Roman and people like that in Elliot Lake are in great jeopardy. What is it, 276 that have now died from cancer in the Elliot Lake area? I am not sure if many were mine managers or owners, but certainly a hell of a lot were workers.

We do not even have a criteria for setting standards. If we do, maybe someone can explain it carefully so we ensure it is the best level, the level that is going to prevent workers from dying. We have that little thing in there somewhere that says, "This is an acceptable risk level." If you get down to that, it means a certain number of people are going to die. That is life. That is not good enough. Who is taking the risk?

Would we be sitting here tonight for as many hours as we sit in this room if we thought exposure was going to kill us. Heaven forbid. We would move to another room or clear up what was wrong in this room. Yet the games we play with establishing levels is idiotic. We have lead levels higher than the United States. Then there are isocyanates. Heaven forbid, isocyanates. I think they have proven in the tests on rats they might be carcinogenic. How tough have we got with it because it does not apply to humans or we have not proved it scientifically yet or totally?

We have an ad hoc way of establishing regulations. If I understand the minister, I have a concern about what might be going to happen. Employers have it much better. They can pool their resources and can come to the various ministries with tremendous documentation to prove their point. Labour certainly is not in that position. They do not have the resources at their

disposal to get involved in the scientific studies that would prove the opposite, because whether you are talking of cigarettes or whatever, there is a difference of opinion.

Who comes better prepared than management? Who gets listened to? Management; and if they do not have enough the Workers' Compensation Board will throw in another \$12.5 million just to ease the burden, as they tell us. What is the little ad? "You have got it, use it." Do you remember that wonderful ad on asbestos? I am always amazed at those things.

Why do we not give \$12 million to labour this year to hire some scientists, to put the money in the clinics, to give the Ontario Federation of Labour the money to train workers about Bill 70? Just give them what you give management. Not \$2.5 million that you might eventually get around to; \$12.5 million. Is that high?

I have heard the rumour you might give them \$2.5 million. Give them \$12.5 million, the same amount of money you give to the Industrial Accident Prevention Association. They need it. Those are broken down, bankrupt companies, all of them, and they need that financial assistance that the Workers' Compensation Board gives them. I do not know who made the profit for the companies in the first place. The Ontario Federation of Labour needs that \$12.5 million in help. What did it get last year?

Hon. Mr. Wrye: About \$500,000.

Mr. Martel: About \$500,000. Peanuts, eh? It shows you how the government has loaded the deck. It is not to protect workers. If you can find \$12.5 million to give through the Workers' Compensation Board to the Industrial Accident Prevention Association, tell me why you cannot find \$12.5 million to give to the clinics so they would be independently funded—they do not need managerial types on them—where the workers can control. You can give some to the Ontario Federation of Labour to train workers to protect themselves. We think we are doing them a big favour by giving them \$500,000.

There is something drastically wrong in this province. Our priorities are all backwards, particularly if you accept some of the figures I have presented. I am sure you will have them checked out during the weekend because the groups we are protecting are not the groups at risk. The workers are at risk. Get some overtime this weekend.

I am going to read you a prediction, as I wind down this portion of my remarks. This summer when I was in Guelph, a Professor Harry J. Glasbeek of Osgoode Hall Law School, York

University, made this prediction about regulations. I am sure the deputy minister knows him well.

Mr. Chairman: He may be a fellow QC.

Mr. Martel: He might lose it as well.

He said at Guelph, when talking about regulations: "I have already indicated it is likely that under the influence of the new government the department will be persuaded to set many standards very quickly. The most convenient way to do that would be to declare that the guidelines, which it presently accepts in many of the smaller unregulated areas, will become regulations."

9:40 p.m.

"Those guidelines are based on ACGIH"—that is the American Conference of Government Industrial Hygienists—"devised criteria. It is to be remembered that they are primarily employer-generated criteria and that therefore they are likely already complied with by the majority of employers. This will most likely mean then that the regulated standards, more than ever, will be a mere image of standards produced in the oppressive market."

That is a wonderful word that Glasbeek uses; he is probably right.

"While some may argue that the fact that these guidelines may now be enforced because they are regulations would constitute an improvement, it is also to be remembered that once these employer-approved standards become regulation, the sheer inertia which will exist, added to the economic and political cost of changing any regulation, will inhibit the real upgrading which will most assuredly be necessary."

If I understand correctly the minister's statement of a couple of weeks ago—I must say I have an answer from the OFL you have not seen yet; they have responded—you are going to accept most of the criteria. Is that the little yellow book you were talking about? Is that what you were planning, a little yellow book that has about 600 levels listed? Is that what you are going to use in this? Is that going to become the basis for the minister's statement?

It was a yellow book the last time I saw it. Is that what is being contemplated? Let me ask the question.

Mr. Armstrong: Rhetorically or—

Mr. Martel: No, I am waiting for an answer.

Mr. Armstrong: Because you have been asking a lot of questions.

Mr. Martel: I need the answer to this one so I can go on.

Mr. Armstrong: I will refer you to Dr. Robinson. It is not yellow.

Mr. Martel: It used to be yellow; it used to have a yellow cover.

Mr. Armstrong: It is not the same book.

Hon. Mr. Wrye: Maybe yours has just yellowed.

Mr. Martel: But that is going to be the basis, right?

Mr. Armstrong: It is not the same book, as a matter of interest. If you contain yourself in patience, you will see it.

Mr. Martel: Wait a minute, that is the problem. The question is, who has established those standards? Is it a management group that was adopted from somewhere? How much input has labour had into that? Are they levels that most people have already reached?

Mr. Armstrong: I suspect they are.

Mr. Martel: It is a concern that the Ontario Federation of Labour has. As you know, in regulated substances now, theoretically, labour has at least some say on the assessment and the control program. If you establish these standards, are they going to have any say? If you accept what we think you are going to accept, and we think most of them were established by management types, the difficulty of changing any of those is going to be monstrous. You are going to say: "Here it is. We have it. It is adopted somewhere."

I want to know what input labour will have, since those people are at risk. I want to know how much input they are going to have on the standards under which they are going to work. That should be a right they have, since they are the people who are dying in the work place. How much input are they going to have?

I worry about the minister saying you might go in and do it quicker. Are you talking about a 40-hour test, or a shorter one? I have a problem when you shorten things. It is too easy to go in and test when we are starting up the furnaces, for example. It is too easy to test with the windows open.

There are some problems and labour is concerned about what you are going to do. Obviously they have had very little input. They made a presentation to you a little while ago called Towards a More Comprehensive Approach to Regulating Work Place Hazards. How much of that have you adopted?

Hon. Mr. Wrye: About a month ago.

Mr. Martel: How much have you adopted?

Hon. Mr. Wrye: I expect to see them again in January.

Mr. Martel: I have a statement that was prepared on regulating toxic substances. They are going to appear shortly and they tell me they have great concerns. They want to know who set the standards. They want to know about the time period for air sampling to determine acceptance, etc. They want to know who is going to set those regulations. Who has been involved? They have a funny feeling and I have a funny feeling that they have not been very involved and they are not going to be. And that is unfair if that is the case, because they and their fellow workers are the ones who are sick. It is for them to represent those workers; it is their members who are killed in the work place.

If that is the intention of the minister's statement, they even outlined—

Hon. Mr. Wrye: Since you have it, perhaps you would ask them if they would be kind enough to share their concerns.

Mr. Martel: No. They are having it printed up. They are going to have it in—

Hon. Mr. Wrye: Obviously, they have one copy ready.

Mr. Martel: They got a copy for me so I would know what they are saying. They phoned you this week. They phoned the Ministry of Labour this week—

Hon. Mr. Wrye: Yes, I know.

Mr. Martel: Through Ed Waddell. They want to find out what is going on. Your statement was pretty vague.

Hon. Mr. Wrye: My executive assistant and I were talking about it last night. She has missed Mr. Waddell on a number of occasions. I am sure if you check with Mr. Waddell's secretary or the secretary at the Ontario Federation of Labour, you would find we have returned that call.

Mr. Martel: I am asking you, how involved are they going to be in establishing the regulations, if you are going to take a whole swath of them at once in the little yellow book, as I call it? It may be a different colour these days.

Mr. Armstrong: It is green.

Mr. Martel: I am just going by memory. I have not bothered to look it up in a number of years.

If it is those that are already in place—some 600. Is 600 roughly the right number? I am talking about the same book then, Mr. Goodman.

Mr. Goodman: We are not talking about the same book.

Mr. Martel: Then tell me what we are talking about.

Mr. Goodman: I have the yellow book with me, but my understanding is that some Ontario values suggested in that book differed from the ACGIH values—a large number.

Mr. Martel: Who established them? Do you have any idea?

Mr. Goodman: Ask Dr. Pelmeur. My understanding is that the American Conference of Governmental and Industrial Hygienists is an association consisting of hygienists in government and also in industry.

Mr. Martel: Government and industry? I am just asking you.

Mr. Goodman: Mr. Martel, I am not certain. I have not been at any of their meetings. We do have members of the ministry who sit on the various committees, such as the respirator committee, etc.

There is not a wealth of trained worker hygienists. I do not know if Dr. Pelmeur could enlighten us on whether there are any worker hygienists.

Mr. Martel: If the Ontario Federation of Labour got some money from you people they could afford to hire some hygienists. The Industrial Accident Prevention Association, Ontario, gets \$12.5 million. They can hire top people.

Mr. Goodman: You know, Mr. Martel, that money is not from the ministry.

Mr. Martel: I know where it is from. It is from the Workers' Compensation Board. That is nonsense. It is from the WCB through the assessment against the employers.

Mr. Goodman: Yes.

Mr. Martel: It is still money—long and green. If you have enough of it, you can hire people to help you. You said it. If we can do it there, why cannot we provide, either through the Ministry of Labour or the Workers' Compensation Board, the same amount of money to those people who are out there trying to protect the employees?

They cannot hire hygienists. They do not have the money. You are right. The standards are going to be set primarily by government hygienists and management hygienists. Labour's input—the very people who are dying in the work place—will be nil. That is what is unfair.

Why do you not adopt the OFL paper then? Why do you not adopt this paper in its entirety? Just try it. It will not hurt that much. It might protect the workers.

Hon. Mr. Wrye: It might also be realistic in some places and unrealistic in some places.

Mr. Martel: Might it not? Go ahead.

Hon. Mr. Wrye: When somebody puts a position forward, surely you do not just adopt it *holus-bolus*, do you?

9:50 p.m.

Mr. Martel: Never.

Hon. Mr. Wrye: That is what I thought.

Mr. Martel: I am glad the minister said that. Then you cannot accept the document that is going to be used, because it was only prepared by government bureaucrats and by the management hygienists.

Hon. Mr. Wrye: Do you want to have a consultation on the 600? Do you want to have consultation or do you want to have some interim figures? I am not sure I understand why, having established levels, that is the end of it. I am not sure I understand that.

Without meaning anything other than to throw it out on the table, I am not sure why having established levels for the nine designated substances we now have is the end of it for those. Why are those levels not subject to some tougher standard as time goes on, as technology improves, or as government reviews its earlier decisions? You might answer, "But you will not do it."

Mr. Martel: Since we have regulated all of nine substances in the last eight years, how many more workers are going to die while we get around to changing it? How many more? That is why they want an involvement in the standards. That is not asking for a lot.

Mr. Waddell says in his statement that you should accept the basis. Let me quote two paragraphs:

"The Ontario Federation of Labour presented a brief to the Ministry of Labour in February 1984 calling for a more comprehensive approach to regulating work health hazards. Central to this brief was an expanded role for labour and management in developing regulations in the adoption of generic regulations that cover whole groups of chemicals, including cancer-causing substances.

"As Waddell pointed out, a generic approach to the OFL proposal would open up the decision-making process and require labour and management to develop exposure levels and work place assessment and control strategies for whole groups of chemicals. The general approach that the ministry appears to be taking bypasses the two key players—labour and

management—and leaves all of this to the direct discretion of the ministry bureaucracy and its inspectors.”

Why can you not adopt some of that? Is that not possible?

Hon. Mr. Wrye: I would like to.

Mr. Martel: You can answer honestly.

Hon. Mr. Wrye: Yes. My executive assistant has just handed me a note saying that correspondence dated December 6, from Mr. Waddell to us, says the federation is prepared to name a three-member group to work with our officials on some of these substances.

I think we are making some progress here. We had an excellent meeting with the federation and some of the people with whom you work closely and we meet on a regular basis. We had a very positive meeting about a month ago. We are currently reviewing the position they put out then. We expect to have another meeting in early January. We are making some progress on the nine substances. I will not comment on why we have only nine. It will not take eight years to get another nine.

Mr. Martel: I would hope not.

Mr. Gillies: I appreciate that the minister is meeting in January. I would hope that before the end of the estimates he would be able to give us an idea of where he will be moving next and when.

Hon. Mr. Wrye: Where I will be moving with respect to designated substances?

Mr. Gillies: Yes.

Hon. Mr. Wrye: I indicated to you that before next we meet you might have some indication. Even if that indication in another place might not be detailed, I will be prepared to give you more details.

The government has moved and changed in another area in which the previous government did not move with respect to designated substances. We have established time limits on each stage of the process. One of the problems—and I think my friend would agree—is that the process is started and then seems to be never-ending.

Officials sat down and we took a look at what were suggested to me as realistic time limits. Mr. Martel, you have worked closely enough in the field to know that you cannot start with a notice of possible designation one day and then have the new regulation in place a couple of weeks later—not even a couple of months later. You have to give people time to comment all along the way.

We put those first proposals, and we have significantly shortened the time frame at each step of the process to what we felt we responsibly could.

We have, then, established dates for the substances we are moving ahead with. I might say we have missed a couple a little bit, and I will take the blame personally. I am having a meeting to review the next step in a number of processes at 9:30 a.m. Monday. The minister will plead guilty right here and now that we have missed a couple by a week or so because it has been kind of busy, but I am determined we will not let the rest of the year slip away, that we have to get going on these things.

Mr. Gillies: I encourage you, I am glad you have a timetable. I encourage you also on your earlier statement. There is nothing carved in stone with regard to the nine substances if, with changing circumstances, you want to change the tolerance levels. You can also apply that if, in the next number of substances, you move and find later that you want to adjust the level; it is the same principle.

Hon. Mr. Wrye: Yes, and I do have to say the resources of this ministry are not unlimited. This whole process is an expensive one and we are attempting to get more resources, although it is in difficult times. It has been tough. There has been very little real growth in resources over the last few years. The government did not exactly pour money into the ministry, especially in this area.

We are going to try to get more because the process needs some real expertise. We have been looking at trying to balance off the need to get on with the point that Mr. Martel is making.

Mr. Martel: I am so thrilled that the level we are going to establish has been worked out by management and government hygienists. I am going to sleep better tonight knowing that. I am really going to be comforted knowing that tonight.

Mr. Armstrong: Would you take a question on the issue of what I would call the regulation dilemma on timing? As you correctly point out, we have nine designated substances and a part of that process is consultative. We found, somewhat to our dismay, that a consultative process, a participatory process, takes a lot of time. You may say it takes too much time, and you may be right. It takes time here, it takes time in the United States and in Sweden; it takes time everywhere.

The question relates to what you have been saying. I ask you seriously, would you prefer us not to adopt numbers, the numerical values, and

go on a consultative basis and avoid these derivative values that are set, you say, by hygienists whose credentials are suspect?

Mr. Martel: They are working for their employers.

Mr. Armstrong: We will get to that in a minute. Would you prefer us to continue to go by the consultative mode and not as an interim measure adopt the derivative international values that could be used until we could complete the consultative mode on the rest of them.

Mr. Martel: You know what my answer is going to be. If I had my way, I would tell industry that it does not put a new product on the market until it has been premarket tested to guarantee its safety. I would not worry. I would put the onus where it belonged, on those people who introduced the product into the work place and into the market. They create it. They should have to guarantee its safety. Nobody is going to fail to do that, of course.

Mr. Armstrong: But that does not address the question.

Mr. Martel: If you want to know how I am going to resolve the problem of these various standards, I am saying companies should not be allowed to put a product on the market until they have proved it is safe.

10 p.m.

Mr. Armstrong: That is another issue. I respect your opinion on that, but are you saying that the American Conference of Government and Industrial Hygienists threshold limit values should not be adopted as interim measures because (a) the values are erroneous and (b) neither unions nor management in Ontario has been consulted about them? Is that the position? I think it is important to know that.

Mr. Martel: No, you can do a number of things if you are prepared to guarantee that the unions will be in on all of the assessments of the various companies and the control orders and control programs that are going to be implemented, and that there is a mechanism in place which, when requested, will immediately get on with the business of reviewing a particular substance. They put in place something that triggers a mechanism to immediately investigate a particular substance if someone is concerned.

That might alleviate some of the fears. You would have to agree, I am sure, that there is suspicion on the levels established by management.

Mr. Armstrong: I think that is true, but I am looking at the chemical substances committee of

ACGIH and I am having difficulty finding a management representative on that committee. I see Ohio State University, I see the University of California, the University of Texas, Colorado State University, the Massachusetts Department of Labour and Industry—that may be suspect because he is a bureaucrat.

Mr. Martel: Let me take it up again. You can pick out selective ones. I do not have a copy in front of me.

Mr. Armstrong: I will give it to you in a minute, but Professor Glasbeek is apparently not suspect. I see the vast majority of these people and the United States Navy, but I do not see one corporation, and here is the list.

Mr. Martel: If you want to talk about the navy, let us talk about the navy. You know where my friend Charlie Barrett comes from. He is the head of Inco, where is he from? You cannot play games like that with me. I know where he is from, I know what his background is. I know he is the president of Inco and was an undersecretary in the American government, in the naval department. So what does a name mean?

Give me the background of these people who are in your book and their work history and we might find that many of them came from management. I simply ask you: where has labour's input been? That is what labour fears, that the levels have been established.

Are you prepared to (a) give them a mechanism—you introduced this—that will be established allowing for an immediate review of the substance that is worrying them; (b) provide funding for labour so that they can hire some hygienists and do some of their own assessments? If you are prepared to do those sorts of things then we accept that this could be the basis.

Beyond that you are saying, "In blind faith, accept that."

Hon. Mr. Wrye: That is a good question.

Mr. Armstrong: Yes, it is a fair question.

Mr. Martel: And I want protection for working people. I have been 18 years at this business, and I do not think I have talked about anything as often as protecting lives. I guess I am getting too old and miserable to be even pleasant about it. But I have watched 100 men die in a sintering plant, some I worked with. I spent three shifts in the sintering plant in Sudbury; people wished I had spent more, but I only spent three shifts there and I walked out and quit. I would not put a dog in a plant like that.

I know all the guys in Elliot Lake; like Gus Frobel, who is dead. I have watched some of

them keel over and die and their families do not have any benefits. When you talk to certain doctors they say much of this could be avoided.

Elliot Lake could have been avoided. If one looks at the Ministry of Natural Resources 1961 report, it warned about the hazard of uranium. We did nothing about it. We knew. I talk to Jim Nethercott frequently. You know Jim Nethercott. He says, "We have known for years that many of the things are killing people." What I am trying to push government to do is to move to protect working people using everything at its disposal to do it, and if it costs industry money, so be it. It would be better off spending its money that way than in compensation assessments—much better for society and much better for the workers and their families.

In this province I watch the list year after year. We could do a lot more and we should be doing a lot more. Let me give you an example of the ministry's interference. You will be interested to know that I talked to your friend Stan Gray tonight. Stan is attempting to test for two men, Mr. Atcha is one. He sent the tests to the Ministry of Labour occupational health laboratory service. It is somewhere here in Toronto, I believe, and is operated by the ministry.

He is attempting to get the results. He phoned last week for the results. He refused to give the name of the company. He spoke to Mr. Walkinshaw. Mr. Walkinshaw said, "Unless you tell me the name of the company, I am not going to give you the results." Stan screamed at him for a while and asked, "Why not?" He said: "This is funded by the taxpayers of Ontario. That being the case, people might use it frivolously. People would come from the private sector, from all over, to get these statistics. Unless you tell us the employer, we are not going to give you the results."

He talked to Dr. Nazar today. Dr. Nazar is the head of that, is he not? Dr. Nazar said, "No, we are not giving you the results unless you tell us the name of the employer." I am suspicious. Dr. Nazar said: "You are not getting them. This is policy, and if you do not give us the name of the company, you will not be given the material."

I ask myself, why are they so adamant about this. Do they want to go back and tell the employer? Is that what it is all about? Why can Mr. Gray and the doctors who work for him not get those results without all this crap of having to identify the employer? This policy is a lot of bunk.

Are we interested in protecting workers or are we interested in finding out whom they work for?

Are you questioning the integrity of the doctors who work for the clinic? They both teach at McMaster University. I understand, by the way, that McMaster has been trying to pressure them. Somebody from the advisory committee, I believe, has been threatening to get at those two doctors. I am not sure what is behind it, but their jobs were threatened. I find that a little offensive. He also happens to be the vice-president of McMaster, is he not? He is also the chairman of the Advisory Council on Occupational Health and Occupational Safety.

Hon. Mr. Wrye: To be fair, you would want to acknowledge that there is no problem.

Mr. Martel: There is no problem.

Hon. Mr. Wrye: Right now.

Mr. Martel: But there was.

Hon. Mr. Wrye: I do not know. I think you would acknowledge that there is not one any more. Whether there was or not, you would acknowledge that there is not one now.

10:10 p.m.

Mr. Martel: But my friend, what worries me is, why would there be that kind of interference. That is really perverse. That someone in this position, who is the chairman of the advisory council to the ministry, would tell this to two doctors and now the laboratory will not give Mr. Gray the information regarding my friend Mr. Atcha is something crazy. If you want to bring him, then I want to bring Mr. Gray.

Hon. Mr. Wrye: I do not know. If there ever was a problem, there is not one now. However, it is important to put on the record that the chairman of the advisory council, if he were here now—and perhaps if he is going to be in, when he is here—would want to say there never was a problem.

Mr. Martel: He might want to say that. I might want to bring my friend forward. He might contradict the chairman. You might also want to bring Dr. Nazar forward and have him tell us why it is so important he get the name of the company and not provide the confidential medical information to the doctors who tested these men.

Mr. Armstrong: We shall investigate.

Mr. Goodman: I have no knowledge of this. You deserve an explanation, and we shall investigate the allegation and find out what the story is.

Hon. Mr. Wrye: There ought to be a good reason. If there is not a good reason, it is not a good policy.

Mr. Martel: I appreciate hearing that. It now being—

Hon. Mr. Wrye: You are doing fine.

Mr. Martel: Okay. I will continue, then. You talked me into it.

Hon. Mr. Wrye: I would warn you, though, to be fair to you with respect to my staff, my deputy is now on about page 15. You are now at a point where if you raise very many more issues we are into an excessive overtime problem.

Mr. Martel: I am not paying them. Let me see; I have another one.

Hon. Mr. Wrye: Special permit.

Mr. Martel: Are you going to issue it? That is the question.

I am not sure which case I should deal with first. Let me deal with this little simple one first. I am going to go through cases now; I have done my little rant.

I had a man from the United Auto Workers come to see me the other night. He works at Crothers Ltd. It is an engineering plant, as most of you know. They are distributors of caterpillar equipment. This man works in a repair garage, and a company showed up a couple of weeks ago, called Sealed Air of Canada Ltd., which made a recommendation for the use and handling of Instapak foam and in-place chemicals.

The company that was peddling it brought in some isocyanates, a substance about which we have had some discussion with the ministry in the past, and persuaded Crothers it would be able to use this stuff. It is good stuff. You combine it with another substance, spray it in the box and your box is packed. It takes the shape of whatever it is you are filling in.

Joe said: "Wait a minute. There is something wrong. Those are isocyanates." They just put it in the middle of the floor and they were taking a shot. No extra ventilation. The company says in its technical background that you do not need extra ventilation; you need only regular ventilation.

Joe phoned the Ministry of Labour. He has some experience as a UAW health and safety representative. He stopped the operation when he found out it was isocyanates they were spraying without extra ventilation, right in the middle of the floor. The company said it was great stuff. Up came someone from the Ministry of Labour. In a hundred years you will not guess who the inspector was. Do you know Mr. Cotton?

Hon. Mr. Wrye: I recognize him.

Mr. Martel: His name rings a bell with me. Maybe Mr. Cotton was right to do what he did.

Joe wanted him to go back to the vendor and get the vendor to tell the companies to which this material was being sold that isocyanates is a designated substance.

The manual does not say. Let me read you some of these things: "The tests show that Instapak system is safe when properly used under normal conditions." That is a great warning to somebody buying it, is it not? "We recommend a Sealed Air representative be consulted." Nowhere in here does it say it is a designated substance.

It is a designated substance, and someone is peddling it and not telling the people who are purchasing it what they are purchasing. If you are lucky enough and it is Crothers, which has a United Auto Workers representative there who is on a health and safety committee and brings about a work stoppage, then the workers are protected, are they not? However, what happens if it is unorganized, there is no union and no one knows about isocyanates? What do we do then?

Hon. Mr. Wrye: I will interrupt you on a brief point of order, just so I am clear. The technical information sheet you are quoting is not Crothers'; it is from the vendor.

Mr. Martel: Right, the vendor. I want to get at the vendor. Crothers would not use it after they found out, to their regret, what it was. It was my friend Joe Flexer who said: "Wait a minute. There is something wrong here." Joe said to them: "Give us a list of all the people to whom you are selling this so I can warn the union reps in those plants that this guy is going around with information that does not say it is a designated substance and who says, 'If it is properly ventilated there are no problems; it is not a hazard.'" It is a hazard. It is a designated substance.

Flexer said to Cotton: "Go back. Tell the vendors they have to indicate to the purchasers of this substance that it is a designated substance and that it is detrimental if used in a confined space. What are we doing?" Cotton said: "I cannot do anything. What do you want me to do?"

I can only go by what I know about his performance at Allied Heat Treat Ltd. If he was concerned, would he not have gone back to Tim Armstrong and said: "Mr. Armstrong, we have a problem. How do we handle these companies who are selling designated substances and whose information does not say they are designated substances? How are we going to handle those types of birds so they cannot peddle stuff to unsuspecting companies?"

Maybe my friend is right. You are going to find some employers who are going to buy it thinking it works well. You get stuff from two drums, you squish it together and it takes the shape of the object and packs it. It hardens very quickly and we are in business, except that it can be detrimental, severely detrimental.

That sort of problem is brought to the attention of an inspector from the Ministry of Labour. Do you think there is an onus on him, since the act says he has to protect working people, to go back to the minister or the ministry and say: "We have to have a policy in this province to ensure that people in plants know that certain substances are detrimental and that they require specific conditions. Data sheets must be provided."

Why would Cotton not have taken that approach? That is what drives me crazy about this ministry.

Hon. Mr. Wrye: Briefly, as an interim, we will take a look at the overall incidence.

Mr. Martel: It is the policy.

10:20 p.m.

Hon. Mr. Wrye: However, as we are discussing this, I would first of all concede that we do not have the power right now in the act or the regulations for Mr. Cotton to take some actions. We will concede and admit that it is called right to know. We are moving forward with that quickly.

I hope to bring it forward in the next short while, and I would be interested to hear your view and that of my friend Mr. Gillies as we go on with this discussion. One of the difficulties as we come forward is that both labour and management, which have worked quite well together on the project, are now saying to us, and I am sure you are aware of this: "Hold on now. Do not go ahead and get it all done in Ontario, only to have national and other provincial standards that are different."

That is a bit of a difficulty. You have a case here where you have a legislative vacuum. We will be filling it for exactly the kind of reasons you are laying out here. I do not think we disagree. We are all seeking to address that.

Mr. Gillies: That is what I was trying to get at a couple of hours ago when I talked about employer and employee education and information. I was coming at it from a different angle. It is the same thing. Maybe, just maybe, if everyone involved knew about the detrimental properties of the stuff that Mr. Martel is talking about they would not have bought it or they

would have known there were sanctions against using it. But they do not know.

Mr. Martel: But the vendor knows.

Hon. Mr. Wrye: The supplier.

Mr. Martel: The supplier knows. There should be an onus on that beggar to tell Crothers he was selling a substance that was designated. What about other companies that do not have a union?

Hon. Mr. Wrye: There is not such an onus now.

Mr. Martel: But the act has some terminology that says action could be taken that would protect the employees. By next Tuesday I can find those general statements. They do have that authority under the act. I am not suggesting they could go out and fine or prosecute or any of those things.

I am suggesting if we were concerned about workers' health, rather than saying, "I cannot do anything about it," an inspector could say: "My hands are tied on this one. We have to get to the company doing this, through the ministry or somebody, and say it has to improve its material. We have to advise the people it is selling to that they are buying a very hazardous substance, that it is not safe."

If an inspector is inclined to do that sort of thing, would that not help the ministry to resolve some of these things? If it had not been for Joe—and he cannot phone the other companies they have sold to because he does not know anybody in those unions—but the ministry could phone this company and say, "Give us all the names of those and we will see who you are peddling this stuff to," instead of "I cannot do anything about it." You are not even taking an initiative.

Mr. Armstrong: I understand what you are saying but you would agree, I assume, that the better, long-term approach is to legislate effectively against suppliers doing this.

Mr. Martel: I would be the first to concede that. I want it done, but in the interim—if one uses this as an example that it happens, that inspectors do get these problems—surely instances should be drawn to the attention of Brian Goodman and Dr. Robinson so we can do something about it.

Hon. Mr. Wrye: We will look at this over the weekend and we will be looking for the report. Are you suggesting to me you feel, and I am not asking this in any way provocatively, that some of the general wording of the act would give the inspector and the ministry some power to say to the supplier with clout, "We would like to have the names of those in addition to others you have

supplied to"? Where your argument may fail is that the supplier might simply say, "It has been very nice having this conversation with you, but you have no power."

Mr. Martel: Ah, but it is a designated substance—let me be the devil's advocate for a moment—and I know they are out there peddling it to some companies that do not have unions and do not have health and safety committees, so data sheets are not being provided. The ministry does have the right to ask: "You are supposed to have a data sheet here, are you not? You are supposed to have a committee if it is a designated substance, are you not?"

Mr. Goodman: To the employer, but not the supplier.

Mr. Martel: You do not even know who the employers are because the company can sell it without your knowledge. Unless you know who they are selling it to you cannot go in and make sure that the employees have protection.

Hon. Mr. Wrye: You are saying you feel—let me just take you to where I think you are going, and we will look at it—that somehow that likelihood might have led us to have the power to get a handle on those employers and make sure they have health and safety committees and say, "We have the right, supplier, to know their names."

Mr. Martel: I think you have the right to find out who they are selling to, so you can go in and get a handle on it. That is all I am saying. That is what is frustrating. If inspectors just lie down and say, "I cannot do anything," then it is crazy.

Hon. Mr. Wrye: I do not know the answer at 10:27 p.m. Let us see, even as this process goes forward, if we can get an interim point of view from one of our legal people for next Tuesday. I think that is a very interesting, novel and creative approach.

Mr. Martel: Always.

Hon. Mr. Wrye: It may not work, but it is interesting, novel and creative enough that we ought to find out whether it will.

Mr. Gillies: You have circulars and bulletins going out to employers across the province all the time. Could you check with your legal people as to what kind of ground you would be on, through whatever mechanism, to caution them or to bring information to their attention about concerns you might have about a substance, even before it is designated?

Hon. Mr. Wrye: Okay.

Mr. Chairman: I detect two things: One, that it is a good time to cease the deliberations this evening and two, that we shall return to the same vote on Tuesday evening at 8 p.m.

The committee adjourned at 10:30 p.m.

CONTENTS

Thursday, December 12, 1985

Occupational health and safety program:	R-561
Adjournment:	R-582

SPEAKERS IN THIS ISSUE

Gillies, P. A. (Brantford PC)
 Laughren, F., Chairman (Nickel Belt NDP)
 Martel, E. W. (Sudbury East NDP)
 Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister
 Goodman, B., Executive Director, Occupational Health and Safety



No. R-25

Hansard

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Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Labour

First Session, 33rd Parliament
Tuesday, December 17, 1985

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 17, 1985

The committee met at 8:07 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2504, occupational health and safety program:

Mr. Chairman: The committee will come to order. We now have all three parties present.

When we adjourned last Thursday evening, we had completed vote 2501, the first vote. We were still on the occupational health vote. I would like to suggest to the committee that we not worry about a particular vote since we are only here this evening, for one hour tomorrow morning from 10 a.m. to 11 a.m., when certain members of the committee will be departing to make important announcements elsewhere, and then again on Thursday evening from 8 p.m. to 10:30 p.m. Are there any problems with that for committee members?

Mr. Gillies: As I have already indicated to both you and the Minister of Labour (Mr. Wrye), I say on the record I will not be able to be here tomorrow morning. I have to attend a funeral in my riding. I guess I will be missing only about an hour of the occupational health vote.

Mr. Barlow: We may not miss you, but it is okay.

Mr. Gillies: Thank you. I hope that is not a problem. Thursday night I will be right back.

Mr. Chairman: Let us proceed then. The minister would like to make a suggestion.

Hon. Mr. Wrye: I appreciate the agreement of all the members to carry the rest of the estimates on that kind of timetable. I know, Mr. Chairman, you have been particularly helpful. Then again, there is a spare seat on the plane tomorrow going to wherever we are going for the announcement.

I want to try to be helpful to my colleagues on the committee, and tonight we are free to go in whatever directions the committee members would like.

As we reviewed the issues that have been raised by both Mr. Gillies and Mr. Mackenzie, there are essentially five major issues. Let me quickly touch on them. If the committee does not wish to talk about them, that is fine.

These are in no particular order, only the order in which we remembered them. Issue 1 is first contracts. Issue 2 is the Ontario Labour Relations Board and the workings of that board. Issue 3 is the Ontario Human Rights Commission.

I am going to stop here a moment. With your indulgence, Mr. Chairman, and that of the two critics, I have Canon Borden Purcell, George Brown and Nick Ignatieff here. With the agreement of the members, I would like to start with the commission. Both Mr. Gillies and Mr. Mackenzie have raised some important questions on the work of the commission and our mandate under the Human Rights Code, and I think we ought to address those.

Issue 4 is mandatory retirement, and issue 5, which we have addressed, is that there are supplementary estimates, and under those estimates we have both the worker advisers and the employer advisers, and the Industrial Disease Standards Panel under or tied with the Workers' Compensation Board.

Those are the five major issues we have addressed. Of course, if there are any specific issues to which either of my critics would like specific responses, we are certainly agreeable to do that.

With the indulgence of the committee, if it is appropriate, I would like to introduce Canon Borden Purcell, the chairman of the Ontario Human Rights Commission, and George Brown, the executive director, and Nick Ignatieff, a senior policy adviser with the ministry who has been intimately involved in an operational review we have had under way with the commission.

Based on comments of both critics, it would be useful to have them come forward at this time and let the critics question and discuss with them some of the initiatives we are taking.

Mr. Mackenzie: There are some questions we still want to raise on other issues, apart from the areas you have identified. So as long as that is kept in mind, there is no problem.

Mr. Gillies: I do not know whether Canon Purcell has had an opportunity to review some of the Hansards of matters we raised before. I do not propose to go over them again, but I know Canon Purcell is aware of the concerns I raised about the commissioner for race relations, etc.

I would like to start by asking Canon Purcell about the directions in which he sees the race relations part of his responsibility going. I have already indicated to the committee the pleasure I had in the appointment of Dan McIntyre. I have every confidence he is going to do an excellent job for you.

I would like to ask you about some of the comments Mr. McIntyre made at the time of his appointment. Specifically, he indicated, and I was there at the news conference, that "affirmative action legislation is needed to increase hiring from minority groups." I think that is a sentiment with which many of us have sympathy. The Premier (Mr. Peterson) surely was not going to be pinned down at the time of that news conference on his feelings on that matter, but I would like to elicit yours, Canon Purcell, if I could.

Canon Purcell: We are all concerned with finding the answer to how to better represent minority groups in the work force. There are lots of studies to indicate the volunteer method sometimes is less than efficient with respect to doing this. If it is found to be inadequate, then perhaps the government and the commission will have to find other ways. I know everybody gets very worried about quotas and I do not think that is what we are interested in, but we certainly are interested in target areas.

For instance, I have spoken many times about the ratio of female teachers in the teaching profession to the number of female principals and top administrators of the school system. These figures are very rough, but something like 70 per cent of the teachers are female and yet only four or five per cent of the top people are female. There is something terribly out of kilter here in teaching.

There is that kind of problem where some work forces do not reflect the different groups in our society. I think we are all concerned to find the best possible answer to this problem, and perhaps we are all committed to some kind of affirmative action program that will solve the problem.

If it is true that people will not voluntarily do these things and in compliance with public policy—it says at the very opening of the code that it is public policy in this province to recognize the dignity and worth of every person and that every person is to have equal opportunities—then perhaps other methods will have to be found. I think his comments certainly reflect the commission's thinking that we want to make sure the

spirit of the code is understood and followed in the province in every aspect.

Hon. Mr. Wrye: I listened to Dan's comments at that first press conference and, having heard them, realized more than before that we had chosen the right individual. I say that advisedly. I think part of the job of the commission, its chairman, its members, particularly the race relations commissioner, is to challenge the government of the day, and I do not care what government we are talking about, whether it is your party, Mr. Gillies, or my party or Mr. Mackenzie's party.

I think these individuals have a mandate on behalf of the people of Ontario, particularly from those groups they really are speaking out for, to challenge the government of the day. I listened particularly carefully and with interest to Mr. McIntyre's comments in terms of affirmative action in the area you were just speaking of, and I think we have until now failed to reflect affirmative action that is effective, even with a group as simply identified—and the canon was just speaking about that—as women. I do not want to cast aspersions on the previous government—

Mr. Gillies: It is so unlike you to do so.

Hon. Mr. Wrye: —and it would be unlike me to do so, but the example the canon just gave was an excellent one and one that is little more easily solved than some of the other problems.

There may be a day when I am a little angry with the race relations commissioner but tonight I will not be. I may be a little angry with him because he may be frustrating the government once in a while, but I would be very disappointed if we did not have a commissioner who put forward the kind of dynamic challenges Dan McIntyre put forward at that first press conference. As the Minister of Labour and the minister responsible for the commission, I was exceedingly comfortable with the kinds of things Dan McIntyre said. I expect to meet with him regularly to hear his views on an ongoing basis as I meet with the senior management of the commission. I think, as you would have made note, that as long as he is in the service of the people of the Ontario, he will always be outspoken in his particular point of view, and I think it is a very valid one.

8:20 p.m.

Mr. Gillies: As well he should be.

I should be directing this question to the minister. As Canon Purcell has already pointed out, a lot of people generally in the province get very nervous when they hear the word "quotas."

Dan McIntyre has pointed out that he feels the time may be nigh to move beyond voluntary affirmative action. How do you see it? Are you looking at quotas? Are you looking at alternatives? Perhaps a good starting point is whether the ministry is doing any work on proposals at this time. Are you looking at what you might do in this area?

Hon. Mr. Wrye: I am not going to get into a lot of detail, but let me be blunt. I am not going to, and I know you would not—I have known you for too long—fall into the trap of getting into the world of quotas. I am not going to.

Let me simply say that we are going to get on with the job. The job has been wanting for too long. I will be a little partisan. Your government did precious little, in my judgement as the minister and in the judgement of our government, for women, for the handicapped and for visible minorities. We have and we will be developing strategies in all of those areas in employment and other areas in the months to come.

We have made a tremendously important start in the pronouncement of the Premier that he wishes to see, in order in council appointments, the appointments which reflect the Ontario of 1985. What the Ontario of 1985 reflects are women, the handicapped, visible minorities, ethnic people. As never before in this province, those individuals are being appointed to very important positions.

I do not say that to pat the government on the back; that is the way it ought to be and that is the way it is going to be with this government. You see that week in and week out with the reflection of the appointments. The people who review the appointments with us from the Premier's office do so on the basis of the quality of our recommendations. Part of the quality is that the recommendations in an overall sense recognize the ethnic and cultural complexity of Ontario in 1985. As a member of cabinet, a member of the government and a member of the Legislature—we have not talked about it much and it will not escape this room—I feel this is probably one of the most important things that has happened in this province in the last six months. We have changed the direction for good.

The important thing is that we have done all that without quotas; it has just happened. We have said we will put in place a policy which will ask, why should there not be women on this commission and on that board? Why should there not be visible minorities on this agency and this board? Why should there not be people from

different ethnic communities on this commission? We have just done that and no one is keeping count of anything.

We go through the process every Wednesday morning, and it shows up without getting into quotas. That is exactly what Dan McIntyre is talking about, and I think Canon Purcell and the other members of the commission would agree with that kind of direction. Without getting into quotas, it is quite deliberate.

Canon Purcell: I do not want to pursue quotas, but I think there are a lot of myths out there. We are told there is great antagonism and opposition. There are a lot of myths about contract compliance and affirmative action programs. Many companies in the United States, even now with some weakening of the will of the American government in this area, have this program and enforce it and they have no intention whatsoever of backing off. It is not a matter we need to be afraid of.

Mr. Gillies: I quite agree with you and I do not want you to back off at all, but rather to strengthen your initiatives. But, with respect, I want to go back to the minister again, without wanting to get into a back-and-forth on whether the former government did or did not do what you are doing and perhaps what it should be doing.

Hon. Mr. Wrye: I would not get into a back-and-forth.

Mr. Gillies: You tried. Let me try again.

Is there any work being done in the ministry now on options and policy directions as to which direction you may move in? If we accept what Dan McIntyre has said as valid, that the voluntary method is not working that well, is any specific work being done on options as to what might the next step be?

Hon. Mr. Wrye: On employment equity?

Mr. Gillies: No, not so much on employment equity as on affirmative action.

Hon. Mr. Wrye: That is employment equity, with respect.

Mr. Gillies: What I mean is that I do not want to get into equal value right now.

Hon. Mr. Wrye: I am not talking about pay equity. I am talking about employment equity, whether you are talking about women or visible minorities or the handicapped, and the answer is yes.

Mr. Gillies: When might we see the results of some of this work?

Hon. Mr. Wrye: When it has worked its way through the system, but the fact is that the work

has progressed quite a long way in a number of areas. It would not surprise you, I am sure, that the minister responsible for women's issues, the Attorney General (Mr. Scott), has also been working on a number of ideas and initiatives. The government has been working very actively in this area. It cannot all be done at one time.

Mr. Chairman: Would this be a good time to allow Mr. Mackenzie to ask his question?

Mr. Gillies: By all means.

Mr. Mackenzie: The appointment of Dan McIntyre was an excellent one. It was a step forward and it was needed. I want to make it clear it is no myth that voluntary affirmative action programs until now have not done the job, whether for women or the equality issue or the disabled. We are still sitting with somewhere between 80 and 85 per cent of disabled and handicapped people without jobs in this province.

It has not worked with the visible minorities. I am sure all of you have met with them within the last week. We have on two occasions, and they are not overly happy with what is happening as yet. The idea of mandatory affirmative action is one that is going to have to be looked at if you are going to have any success.

I am not wedded to a quota-style approach, although I will tell you very frankly, as I have in a number of estimates, I suspect in at least one category—I am talking now about the disabled and the handicapped—that this should be one of the options you are exploring. I find it incredible that we are still sitting with almost 85 per cent unemployed in this category. You can raise until you are blue in the face, year after year in the estimates, individual cases or the problems of epileptics or any number of issues and they do not get solved. They are still at the same kind of unemployment level.

We have to get rid of the myth that voluntary affirmative action is going to resolve these problems. In the conversation that has gone on, I am a little more interested in this because we have a lot of things to cover.

I presume, Canon Purcell, you have read the opening remarks that were made in these estimates. Can you take a minute or two to give us some idea of whether you reject or accept the concern that I have, and I know others have, that we have problems in terms of backlogs of cases and in terms of the perception of the Ontario Human Rights Commission in the ethnic community. That has been raised by a number of visible minority people as well as some of the union people I deal with.

8:30 p.m.

With the burnout rate of individual workers, and if we are going to pull 41 new workers in and have them trained, we are probably going to make a mistake. An attitudinal problem may have already developed among some of the workers. These are the kinds of things I would like to hear at least a few comments on.

Last, although it is a more minor point in the whole picture, is the issue that was raised with me, and that I raised, about why there is no race relations officer in northern Ontario. I do not know whether we can get some comments on these concerns but there is frustration there because of the case load, because of the feeling that some people do not get their day in court, particularly since the onus was put on the complainants in many cases to fill out the forms or to make the arguments. These are very real arguments that I have been hearing quite a bit about.

Canon Purcell: I could not agree more. I want to go back and say I was not referring to voluntary affirmative action as being the myth. The myth I was referring to was that the mandatory aspect causes the troubles.

Mr. Mackenzie: We tried the mandatory—

Canon Purcell: No.

Mr. Mackenzie: The voluntary and we have been sold—

Canon Purcell: That is right. I am saying that sometimes people raise this other as not working in other jurisdictions.

The other problem is something I made a major presentation to the standing committee on procedural affairs about in September. I outlined exactly all of the things that you have mentioned, absolutely every one of them. So I could not agree more that this is a serious problem.

Mr. Mackenzie: I have a workload problem too, because I have not read that.

Canon Purcell: There are 32 pages of good stuff there, if I do say so.

Mr. Gillies: Would your staff happen to have copies of that with them? That is a long shot.

Mr. Mackenzie: I am sure we can get it.

Mr. Gillies: If we could get it at some point, I would like to see that.

Canon Purcell: We can have that. I outline absolutely all those problems. I outline the burnout, I outline the problems of everyone you mention. The backlog is something and, of course, I do not sit around in my office, I am out all over the province. I get the same feedback so

that the commission and all of us are concerned about it.

As you know, the minister made a very strong statement about this in the House, saying the backlog is going to be addressed. I will have someone give you some kind of idea exactly what we are doing in that area because a lot of people say, "Why go to the commission if you cannot get satisfaction and get the proper redress for the wrongs that have been done?" That is our first priority at the present time: dealing with the backlog. Perhaps George can speak about that.

As far as morale and the burnout of the staff are concerned, I have been watching that very carefully and am in constant contact with the staff. I had a major staff conference just a few weeks ago where we assured them that help was on the way.

There certainly does seem to be a new sense of feeling among the staff that there is hope, there is a light at the end of the tunnel. They have seen the kind of commitment we have from the government to take this problem with the utmost seriousness and it has become a great source of strength and comfort to them. I feel that matter is in hand.

You mention the dissatisfaction amongst ethnic groups. It is not only the ethnic groups; as you mentioned earlier there are the handicapped. The expectations are very high. Perhaps our resources and our ability to meet these expectations have been at an all-time low at the very same time. There was this tremendous gap between the expectations of the people we should be serving and our ability to do it. We were in that situation. It is not very pleasant or very comfortable.

I am very encouraged about the future and the commitment that has been made. There is a sense of new enthusiasm and commitment on everybody's behalf, so I feel very positive about it. I know all our problems are not going to go away overnight but as long as we are attacking them with enthusiasm and a good deal of sensitivity, I feel very good about that.

Perhaps Mr. Brown could bring us up to date on our program of hiring new staff and attacking the backlog, which is something that is being given the utmost priority.

Hon. Mr. Wrye: I agree. I think this is very important. I am delighted to hear Canon Purcell's view as chairman of the commission and I appreciate it.

It is very important that we be quite candid with you. With respect to our review of the resources, I am going to let George and Nick talk

to this. As of tonight, we had and still have quite a major problem with respect to the backlog. I do not think Canon Purcell or Mr. Brown, as longtime loyal employees and supporters of the commission, would disagree with me. We have to address that problem, otherwise the commission loses its credibility.

It is important that we put right up front for you the problems that we face and some of the ways that we are going to try to resolve them. The questions Mr. Mackenzie asked on the commission are very important with respect to the backlog and the kind of anecdotal evidence that he gave us. To me, it is not really anecdotal because it is all out there.

With that, maybe we can have George and Nick give you quite specifically—and I would like them to do that—what they found, how we are attacking it and what additional steps may be necessary.

Mr. Brown: The question of the backlog, the situation of the commission, is being attacked. There are two problems at the moment. One, in the short-run consideration, Miss Jean Read, whom some of you may know, has been appointed by the ministry as director of special projects to galvanize the strategy on the approach to the reduction of the backlog in the short run.

Second, there is an operational review being undertaken, also at the instance of the ministry, with respect to looking at those aspects of the procedures in the commission that should be improved, because there is a distinct feeling and diagnosis that additional staff alone is not the answer to the problem.

8:40 p.m.

Having talked to some of these people in the community, I am aware that what contributes to the frustration is the length of time it takes for these cases to go through. As the chairman has pointed out, sometimes this is not in accord with their expectations.

Mr. Mackenzie: It is also the drop-out rate, those that will not go through the process because of the difficulties in many cases in digging up the information themselves. If a case is decided without any real participation, they feel they have not had their day in court.

Mr. Brown: Yes, I think we are also looking at that in regard to the frequency and/or the number of boards of inquiry. We have recognized that the expectations among complainants is to get into the arena and make statements on their own behalf. They do not want other people to be making these decisions. They want to be

there to be heard and to be seen and to ventilate their experiences in society.

With respect to the attack on the backlog, we have started the process of recruitment and Miss Read has been at the recruitment process since yesterday.

Another thing we have been doing, another approach, is to look at the total case load of 1,800. Of those, we consider 1,100 to be backlog. These 1,100 cases are considered to be six months and over. One of the primary things we have been doing is to find where they are and to evaluate how much time it will take to assist them in regard to time frame, rating the numbers of cases one year and over, six months and over and nine months and over. Then we are auditing how much time will it take to unplug these cases from the system.

We have a group of five senior staff, including Miss Read, attacking these cases. Once you unplug the ones that are seriously jammed up, by finding how much time it will take to get them out of the system, we will start moving.

After we are through with this, we will be planning a series of approaches that will go to the minister who, I understand, will be making statements on these from time to time.

We are concentrating first on Metropolitan Toronto—we did that last week—and beginning this week we have an auditor going around the province. The auditor is now in southwestern Ontario looking at the case loads in Hamilton, Kitchener, London and Windsor, and at how much time it will take to get these cases on the road.

The secondary approach is a long-term point of view. The consultant is working with other senior members of the ministry to deal with the long-term solution to the processing of complaints in the ministry. I understand that report will soon be complete.

With respect to the question of the lack of a race relations officer in northern Ontario, it is my knowledge that since 1976 the officer in Timmins has been assigned to race relations. I do not think it is correct to say there is no race relations officer in northern Ontario because we had specific staff allocation in 1976 and it was required that one of these be assigned to race relations.

Naturally, the very character of the human rights problems in northern Ontario lend themselves more to the generic approach that race relations officers obviously carry out. Administratively, we have looked at the officers in Timmins and Kenora as carrying a large portion

of the race relations work in northern Ontario because the experience there is primarily in the race relations area.

Mr. Gillies: When you talk about the backlog of cases, part of the problem is that your case load of newly registered complaints went up 29 per cent in 1984-85 over the previous year. Has your review found any root reason behind that? Is there a greater awareness of the commission? Have there been more incidents or more problems? Why would that have been?

Mr. Brown: Since the advent of the new code in 1982, with the introduction, for example, of new grounds, particularly in respect of the handicapped, handicapped cases now constitute approximately 30 per cent of the case load. It started out slowly but has become the fastest-growing ground of discrimination.

Mr. Gillies: Is that the single largest category, 30 per cent?

Mr. Brown: Yes.

Canon Purcell: Yes, you are looking at more than 300 in this area alone and, since it is a whole new category, it automatically puts the case load up.

Mr. Gillies: There is your 30 per cent.

Canon Purcell: There is your 30 per cent. There are also equality rights that became law in April of this year. People are much more aware and there has been a considerable program of public speaking around the province by the commissioners.

I have visited every nook and cranny of this province, speaking to every Rotary club, Kiwanis club and chamber of commerce. In spite of the fact that we are told people have given up on us, we have never had more cases. It breaks our hearts when people ask for their cases to be heard and we are not able to do it, that is what is so frustrating.

There is a comment here that out of 1,000 cases, only 50 or 60 get to the board. We have to put that in perspective. During the last two years there have been 1,000 cases settled amicably each year between the complainant and the respondent. Everybody agrees that this is a good settlement and everybody is satisfied.

We do not take satisfied customers to the board. We try to put to the board those cases in which we cannot get a settlement. We either dismiss them for lack of grounds, in the opinion of the commissioner, or, if there is evidence of discrimination on one of the prescribed grounds and we cannot settle it, we send it to a board. We are not afraid of doing that.

Mr. Mackenzie: Are you satisfied that the 1,000 you talked about are all settled with the amicable agreement of both parties?

Canon Purcell: Yes.

Mr. Gillies: How are you coming with the hiring of your 41 new staff? Where does that stand?

Mr. Brown: This got under way on Monday and we are working from there.

8:50 p.m.

Mr. Gillies: Could I ask the minister about staff hiring? You would have received a letter dated December 3 from the president of l'Association canadienne-française de l'Ontario expressing the concern that a good proportion of these new employees be francophone or at least fluent in French and that you advertise for them in the French-language press. The association recommended that you also advertise in the ACFO Info, its publication. I assume that is all in hand.

Hon. Mr. Wrye: We want to be sensitive to having a good mix of new employees. Correct me if I am wrong, Mr. Brown. We are adding to an employment base of 93, 97, 98—

Mr. Brown: Ninety-seven.

Hon. Mr. Wrye: Ninety-seven. We are adding 41—13 permanent, 28 contract—with the expectation that most, if not all, will become permanent at the end of this year. That is a pretty substantial increase.

I was listening to your dialogue with Canon Purcell. I do not think this problem came up overnight. I do not want to be unkind, but I will be.

Mr. Gordon: You are getting nastier.

Hon. Mr. Wrye: You should come on the plane with us tomorrow.

Mr. Gordon: I am going to come.

Hon. Mr. Wrye: That is great.

Mr. Gordon: I do not know whether you want me to come back but I am sure going to go one way. Just do not put me next to the door.

Hon. Mr. Wrye: I feel so good about the support of my friend from Sudbury on Workers' Compensation Board indexation. I saw him applauding today and I want to tell him I appreciate it.

Mr. Gordon: Of course. Thank you.

Hon. Mr. Wrye: I want to make the point that we brought in an act that really went through a baptism of fire in 1981-82. The chairman of the Workers' Compensation Board still has those scars. Having brought in an act, I think there

should have been more of a reflection than there was of the kinds of increases in case load that we would face. I am quite candid about it.

The fact of the matter is the previous government did not reflect the increase in case load. I do not think there is any way you can get around it. You cannot get a backlog of 1,100 overnight. It worsened, but the pattern is there over two or three years.

Frankly, we are going to be monitoring very carefully not only how we begin to handle the case load reduction and, I hope, diminution, but I have said quite openly to my colleagues that as certain additional changes to the code come forward—to give you two examples, the initiative announced by my colleague the Attorney General on the athletic exemption for females and perhaps other initiatives in the area of the disabled—as those come forward, I think this government would be doing the people of Ontario a disservice if we did not say there are some employment impacts to that within the commission.

We have attempted with my cabinet colleagues to identify the case load and the impact on employment in the commission as any change to the code comes forward. To do anything else would be wrong. It would put us right back in the same jackpot that this government discovered when it took office in late June or early July of this year.

That was the problem we found when we took office and, frankly, I do not think that two or three years down the road we want to be going through the kind of process we have had to go through in the last few months. I do not think it is fair to those who head the commission, to the commissioners themselves, to people like Mr. Brown and the working staff. I do not think it is fair at all.

Canon Purcell has talked very kindly about burnout. Sure, there has been some. They have worked too darn hard. It has been unfair. It has been frustrating to them because they know they want to clear items off their case load. To be fair, I think that is it. When there is a case load that is too high, a lot of those workers have had the feeling that they have to get some of those cases off their plates. That can lead to some real frustration. I think we have all had that at some time in our lives.

That is the situation. I trust we will see some diminution of the 1,100-case backlog. We are going to be following that very carefully with Canon Purcell, the chairman, the commission members, the working members of the commis-

sion headed by Mr. Brown and, indeed, with Miss Read and Nick Ignatieff. I expect by the time we are back here a year from now we will have a very good story to tell.

Mr. Gillies: In your opening statement you mention the last expansion of the Human Rights Code was Bill 7. You also mention on page 39, and I quote, "various forthcoming amendments to the Human Rights Code." Would you be in a position to indicate where you propose to move next and when you might be doing that?

Hon. Mr. Wrye: Not in particular terms. We are reviewing a number of matters in the code. I have just indicated a couple of the important ones on which I know there has been some discussion.

Mr. Gillies: Expanding the handicapped.

Hon. Mr. Wrye: There were a number of questions—correct me if I am wrong—on whether section 16 of the code would be sustainable under the Charter of Rights and Freedoms. You know that my colleague the Attorney General has already indicated the government's view of subsection 19(2) of the code, notwithstanding matters that have flowed from the Supreme Court of Ontario. There are other areas and pressures that we feel have been brought to bear on the code by the charter.

If you want to get into it at some point, we can talk a little about mandatory retirement. That is obviously also an area in which there has been some pressure. The government has reviewed matters and I expect to announce some additional directions, perhaps this week; if not, then early in January.

Mr. Gillies: On mandatory retirement?

Hon. Mr. Wrye: Yes. I do not know what your view is on mandatory retirement but it is a very complex issue. I think you pointed this out, and I know my friend the member for Hamilton East (Mr. Mackenzie) will be sensitive to this. On the one hand, you have the fact that the code protects one in employment only until the age of 65 but there is no protection beyond 65. There are certain pressures that, under the charter, that is discriminatory, subject possibly to section 1.

On the other hand, we have in this province a certain level of unemployment, particularly among our youth. As I said, I do not know where either of my colleagues representing his party stands on this, but it is a very difficult issue. There are pressures to create employment opportunities, particularly for young people. How does one in 1985 balance off those competing priorities, the civil libertarian priorities and the issue of social and economic policy?

To add one last caveat, Dr. Wolfson is out of the room, but the last time this was reviewed was, I believe, in 1983 by the Ontario Manpower Commission. The member for Brantford (Mr. Gillies) will remember this. The commission, after a review, and knowing its makeup to be business, labour and education, sustained the policy of the day to defend the code. As far as I know, this is the view of the leadership of organized business today. It is the view of organized labour, the federation and others. It is also the academic view.

It is against that backdrop that we look at the charter as it now exists with section 15.

9 p.m.

Mr. Gillies: I do not envy you this problem. You have outlined it very well. My personal preference is that the maximum possible flexibility be given to people concerning their retirement. We all know people of 60, 61 or 62 who, because of health or other considerations, would dearly like to retire without a diminution of their pension or other considerations.

We also all know people aged 69 or 70 who would be happier than heck to keep working and are miserable as the devil when they have to retire. It is a very thorny problem.

Hon. Mr. Wrye: The 60-61 matter is another question. We can get into that but I do not think you can duck the fact that you may be into an either-or situation. It is all well and fine to say some people aged over 65 and some people aged under 64, but there may be an either-or situation.

There are a number of court challenges out there. I could probably find the early findings if I had my notes. There was a finding in a Bell Canada case in which Mr. Justice Krever found that he had no jurisdiction in the case but if he had had jurisdiction, he would have sustained the Human Rights Code on the basis of it being a section 1 exemption from the charter. I guess I have summed it up correctly, that it is a reasonable exemption justifiable in a free and democratic society, whatever section 1 says.

That is a very interesting finding. It did not go into long reasons because the basis of the finding was that he had no jurisdiction in a Bell Canada case, but that is the first case.

Dr. Wolfson, could you add some comments on mandatory retirement? I have talked about the Bell Canada case and I have also outlined the dilemma the government and all of us face because we all have a responsibility for public policy. Ultimately it is the government which proposes either the status quo or changes to public policy. Dr. Wolfson has done a great deal

of study on this type of thing and perhaps he could add some comments.

Mr. Gillies: I could put a somewhat finer point on the thing, so Dr. Wolfson can keep this in mind when he replies.

What is your inclination of what the ministry's reaction will be if the Supreme Court rules that the Manitoba teachers' case, which is pending, is against the charter? What are the implications for the ministry? What is it going to do?

Dr. Wolfson: The Manitoba teachers' case is slightly different from ones that might pertain to our situation because the Manitoba code does not have an upper limit on age protection in employment. The finding of the court in the Manitoba case was that the violation was not of the charter but of the Manitoba code itself.

There are some cases coming up in Ontario. The most publicized relates to a librarian at the University of Toronto which does involve the Human Rights Code. There is a challenge under the charter relating to whether the limitation on the protection on the basis of age, between 18 and 65, is a violation of the charter.

This raises, in stark fashion, the very difficult public policy issues related, on the one hand, to the rights of individuals to continue to work past age 65 and, on the other hand, the general interest of maintaining employment and providing opportunities for those entering the labour force and for those already employed to progress through the ranks.

I hate to characterize it as on the one hand or on the other hand, but that is the major part of this policy issue as it is so many others.

There are competing interests and they are difficult to balance. We have done some analysis on the extent to which a prohibition on mandatory retirement would affect the labour market. It is not just a question of numbers; it is a question of the change in the nature of employment relationships and attitudes between employers and workers, and new employment practices that could be put into place were there not a regularized retirement rule. It is also the relationship between retirement practices and other social support systems for those beyond age 65.

There are a number of interrelationships, both within the labour market and between the labour market and other social systems, that would have to be considered in determining whether mandatory retirement ought to be permitted as a general social policy and whether, therefore, it was sustainable under the Charter of Rights and Freedoms in regard to section 1, which provides

that a prima facie discriminatory practice, if it is demonstrably justified, can still be reasonable.

Mr. Ramsay: When it comes to dealing with this problem, we really are hung up on two things: the mandatory business and also the age 65. I have always been more inclined to use the carrot rather than the stick and I would like to see voluntary retirement. By that means we could allow full pensions to workers and maybe even look at it in different industries, perhaps even go down to the very heavy mining and construction industries and down to 55 years old.

Let us say 60 years old. I know when I go to the plant gates there are a lot of men between the ages of 60 and 65 just dragging themselves to work who would rather be retired, and there are a lot of young fellows who would like to be in there. They are raising families and have to pay for a house.

The old guy has his kids through school and his house is paid for. We could be working on that level and saying: "The man is 60. He has been in that industry and maybe he should be and he wants to be retired. Allow him to. Let him have full pension benefits." I think that is what we have to be working towards. We could try that before we have to look at the mandatory, more regulatory, way of balancing the workforce.

Hon. Mr. Wrye: Dr. Wolfson may want to make some additional comments. What happened last Friday in regard to the Canada pension plan and what you were just talking about, if I am not mistaken, is that for the first time the various ministers of finance headed in the direction of having some opening to the plan below the age of 65.

I will get back to the comment I made to Mr. Gillies, that this is in a sense another early retirement, whether it is below 65 or even below 60. It is, nevertheless, another part of a very tough issue.

Let us use a very practical example, i.e., what is facing the universities in Ontario where the ending of mandatory retirement at 65 may open the flood gates. There is, as you know from the Commission on the Future Development of Universities in Ontario report, some pressure in regard to the need for younger faculty.

There is no doubt that might add to the pressure. You speak of the other kind of industry, the heavy labour industry as it were, but this certainly is an industry where one might have the sense that if ever there were an area where a change in the code, a change in the policy of Ontario, would have an effect, that would be it. In the universities, there surely is not the kind of

heavy work you were speaking about in the mines or in the steel factories or in the auto plants. I certainly understand what you are saying, but it seems to me we are dealing with another issue.

Dr. Wolfson, do you have any comment in regard to Mr. Ramsay's, about the potential impacts of downward movement, while we are talking about upward trends.

Dr. Wolfson: I have two quick comments. Certainly, there is a role for inducing early retirement. Many of the European jurisdictions are now putting policies and programs into place precisely to try to do that.

9:10 p.m.

It is not incompatible with also permitting mandatory retirement. I say permitting because it should be clear the law does not require employers to retire people at 65. It just allows that as an employment practice if it is negotiated, part of a pension plan or simply part of the employment practice of the establishment. However, in many European jurisdictions we now see the coupling of a mandatory retirement provision with incentives for early retirement, and that certainly does relieve some of the pressure on the labour force for new entrants.

To pick up on the minister's comment with respect to universities, when the Americans changed their mandatory retirement rule in 1978 and raised the limit of protection from 65 to 70, they exempted university faculties because of their concern that, had they not done so, there simply would not be any opportunity to recruit new, young faculty into the universities.

Mr. Mackenzie: The issue of earlier retirement is one of the things the government is going to have to look at as a policy with respect to employment as well as whether there are any problems that may relate to it in human rights. However, there are a couple of cases and a question I would like to raise with the minister before we leave this. I have a letter here, of which you are probably aware, that I got back in October from the Association to Improve Dignity for the Disabled in London. It raised two cases I have not had a chance really to look into but which disturb me.

Briefly, the letter reads: "The Association to Improve Dignity for the Disabled is a group formed by people who have been or are working in sheltered workshops.

"We are trying to bring the workshops under the Ministry of Labour where, hopefully, health and safety regulations would be enforced and minimum wage paid.

"There are currently two cases: one before the labour board and one before the human rights commission. The human rights commission has refused to hear the case before them. It is being appealed. You will find a copy of this case enclosed with this letter.

"The case before the labour board involves a 27-year old male, Chris Chu, who worked for the Canadian Mental Health Association in a sheltered workshop in London, Ontario. He was sent out on a maintenance crew cleaning houses. He has applied to the Ministry of Labour for minimum wage. This case is to be heard October 15, 1985."

I understand since, from a letter I received on November 11, that case was adjourned. The lawyer from the Ministry of Labour who was to represent the young man has discovered a conflict of interest. They are required to locate another lawyer and no date had been set for the hearing. That was on November 11. I would be interested in knowing what happened to that, but I am also interested in why the human rights commission refused to handle the other case referred to.

In the Canadian Human Rights Advocate, they deal with it thus: "25-year old Frank Van Neste filed the complaint after he lost an index finger and damaged other fingers while cutting pieces of plexiglass with a table-saw at the Y's Owl Manufacturing Co-Operative in Ottawa where he is employed. The Y's Owl is a workshop funded by grants from federal and provincial governments and employs individuals with various disabilities to manufacture plastic goods for sale.

"The table-saw Van Neste, who is developmentally disabled, was operating did not have the necessary blade cover and Van Neste did not have a shield to protect his hand. The supervisor on duty when the accident occurred was out on a job.

"Van Neste and his friend Richard Cormier filed a complaint of discrimination under the Human Rights Code when the Ministry of Labour refused to prosecute the employer for unsafe working conditions which were in violation of the Occupational Health and Safety Act. Van Neste and others like him, said the ministry, were excluded from the protections of the act."

I am wondering whether the minister is in agreement with that proposition, and whether we can see or expect some move to correct or change this, I think, unfair situation.

Hon. Mr. Wrye: Perhaps the commission will have some comment on the first instance. With respect to Y's Owl, I am going from

memory. My staff can find the specific comment, but if I am not mistaken, this was some time ago. The finding of the judge was in support of the ministry in one area.

As you say, this was the case of Mr. Van Neste. It has always been our position that workers in sheltered workshops are covered by the Occupational Health and Safety Act, and I think that is what you were talking about. I guess the justice of the peace vindicated the position. He found the employer guilty of contravening a provision of the act. Unfortunately, he then dismissed a second charge against Y's Owl on the basis that Mr. Van Neste was not a worker. If I am not mistaken, we are appealing that. We appealed that second case exactly because we think the findings were inconsistent. While the first sustained our position, the second did not. We think the justice of the peace erred on that basis in the second finding.

The whole area of sheltered workshops in the Employment Standards Act is under very active review. I do not want to give you any time period, but I hope to have some changes in the not-too-distant future.

Mr. Mackenzie: I have difficulty understanding why the commission refused to handle the case to begin with.

Hon. Mr. Wrye: Perhaps I can ask Canon Purcell or Mr. Brown from the commission to add his comments.

Mr. Brown: I do not think it is correct to say the commission refused to deal with the complaint. It was taken and dismissed because it was considered that the court was not the proper forum for a resolution of this matter. It came under the Occupational Health and Safety Act.

As I understood the case at the time, the man went into the commission office in Ottawa, felt he was treated rudely and filed a complaint on that basis. When we looked into it, we mediated the problems between him and the officer in charge of the Occupational Health and Safety Act to get proper redress under the act for him. I do not know if he misconstrued what we were trying to do there.

Mr. Mackenzie: I think there is a misunderstanding on a basic point here. Let me go over three paragraphs. If you are telling me the Canadian Human Rights Advocate is incorrect, that is one of the things I will ask it to check. The opening sentence says, "The Ontario Human Rights Commission has refused to deal with a complaint alleging discrimination against persons with a disability."

Paragraph four of the article in the Canadian Human Rights Advocate of September 1985 says, "Van Neste and his friend Richard Cormier filed a complaint of discrimination under the Human Rights Code, 1981, when the Ministry of Labour refused to prosecute the employer for the unsafe working conditions which were in violation of the Occupational Health and Safety Act. Van Neste and others like him, said the ministry, were excluded from the protections of the act."

Then a little piece at the bottom reads:

"Section 1(29) of the act states, however, "worker" means a person who performs work or supplies services for monetary compensation, but does not include (i) an inmate of a correctional institution or a like institution or facility who participates inside the institution or facility in a work project or rehabilitation program; or (ii) a patient who participates in a work or rehabilitation program in a psychiatric institute, mental health or retardation centre or home, or rehabilitation facility."

Hon. Mr. Wrye: The point is that we did prosecute. It was not a matter that we did not. We did prosecute and we sustained a conviction under one charge. As I have just related to you, there was an acquittal on the other charge, which bothers us greatly because if that acquittal is sustained, we do have a problem with Mr. Van Neste and others like him qualifying as workers in terms of the Occupational Health and Safety Act.

9:20 p.m.

That is why we have appealed it. I can assure you that the ministry views this individual issue as a critically important one for exactly that reason. That is why the decision was made. We could have said, "We won on the first and we will ignore the second." After review, we decided the acquittal on the second charge was important enough that we ought to appeal. That is why it has been undertaken.

Mr. Mackenzie: I would appreciate getting an update at some stage because I do not have the most recent news since this letter of November 11 on the case before the board.

Hon. Mr. Wrye: Let me ask my staff to take note that we will send you an updated notice of the status.

Mr. Mackenzie: I had only one other brief question concerning human rights. Maybe we can cover some of the other items, even take a preliminary look, or we will never get through. Are you considering an amendment to the code

dealing with the question raised by the gay community on sexual orientation?

Hon. Mr. Wrye: The entire code has been under review. In view of the volume of work in the House, there have been questions as to whether changes in the code can move forward in and of themselves as changes to the code or whether it is appropriate in a number of cases to bring them forward as amendments to Bill 7. I believe second reading is going forward to committee.

My colleague the Attorney General indicated on our behalf that a couple of issues I alluded to earlier would go forward at that stage. There is a possibility that some others may be appropriate. The matter of adding sexual orientation to the code is, like a number of others, under review by the government because there is some opportunity now to move forward.

Mr. Mackenzie: I guess my argument is that discrimination is discrimination regardless of its basis or the criteria used. If it affects somebody's job or employment, then there is a serious problem.

Hon. Mr. Wrye: If my colleagues have concluded discussion on this, Judge Abella, who is the chairman of the Ontario Labour Relations Board is here. My friend Mr. Mackenzie raised a number of issues to do with the board. I do not know what other issues he wishes to turn to. Bob, do you want to raise some questions concerning the board?

Mr. Mackenzie: There were some in the opening statement. If there are any particular responses—

Hon. Mr. Wrye: Would you like some answers? Would you like to have some dialogue on it? We are probably going to wrap up this aspect tonight. Judge Abella has a time problem. Could we have her come forward and deal with some of these issues?

I do not think Mr. Mackenzie wants to get into—I do not want to put words in his mouth—

Mr. Mackenzie: I will correct you if you do.

Hon. Mr. Wrye: I know you will.

The biggest concern as I heard it, at least the first—maybe you were just doing them in order—was the delay in the hearings, their complexity and the overall feeling that matters were beginning to slow up. Is that fair?

Mr. Mackenzie: Yes. Can I add to that the threat of legalese, if that is a fair term? It bothers a hell of a lot of people with regard to board procedures and the question of the makeup of the vice-presidents. It is time somebody was there to

represent the labour point of view as well. The scheduling of cases, delays and cases lasting as long as three and a half years do not make any sense at all.

Judge Abella: I do not think anybody would quarrel with you, Mr. Mackenzie, that the problem of delays of the board has been serious and is increasingly serious. What we have done to deal with it as best we could was re-evaluate the scheduling system. Part of the problem is that the case load has increased by four times over five years, with exactly the same number of personnel dealing with those cases. The complexity of the cases has increased as well. With the Charter of Rights coming in, almost every other case now raises a very complex charter issue, which we are obliged to deal with because the counsel raised them.

We have found that because we were interested in trying to preserve the level of case flow that we have had in the past, we were scheduling our vice-chairmen four and five days a week, with the result that they had no time to write their decisions. We are now cutting them back to three days a week so they have a couple of days every week to write their decisions.

We also have instituted pre-hearing conferences so a vice-chairman can meet with the parties and attempt to resolve the matter before it ever gets to a hearing. We are revising the scheduling process so the cases can be heard consecutively.

There are about 100 cases overdue out of a case load of almost 2,000 cases, which I admit is not terribly consoling to the parties who have the delay in hand waiting for a decision. Given the number of cases the board is dealing with—and we have been able to deal with 100 more than last year, even though the case load is the highest it has ever been—we have done just about all we can so far to deal with those delays in view of the people we have there.

As to the complexity of the issues, we do not have very much control over that. Counsel present their arguments. We do not formulate them for them. Where they make a legal case that is complex, we are obliged to deal with it, and we do. The days of the one-day hearing and the very simple answer with the short decision are long gone at the labour board.

Mr. Mackenzie: I take it that with respect to the legalese that is entering the board's procedures, you do not have any feeling that the lawyers are taking over and that this is part of the problem.

Judge Abella: The board has no requirement that the people who appear before it are lawyers.

Mr. Mackenzie: But you know that is happening. In some cases there are several lawyers involved, and the more informal procedures of the board allow them to set aside or delay the cases much more readily than probably would happen in court.

Judge Abella: It certainly does. But we cannot tell lawyers not to come to the Ontario Labour Relations Board.

The other aspect we have to deal with is that when counsel do come before the board and raise these complex issues, we are subject to judicial review. We have to write those decisions and write the arguments based on the representations they make, knowing those cases could be subject to court review. There is also an emphasis there on the legalese and complexity being dealt with. We are responding to the cases in the way they are being put to us.

Mr. Mackenzie: What you are saying to me—and I am not trying to put words in your mouth; tell me if I am wrong—is that there is some validity to the argument that the board is afraid to be taken to court on cases dealing with denial of natural justice. They are a little bit gun-shy.

Judge Abella: I do not think they are gun-shy. They are obliged to proceed under the Statutory Powers Procedure Act, which makes it very clear that every party that comes before the board is entitled to a hearing, which is in compliance with due process requirements. Again, it would be inappropriate and illegal for the board to conduct its proceedings in any other way.

9:30 p.m.

Hon. Mr. Wrye: Let me put it another way, Mr. Mackenzie. You and I, as nonlawyers, may regret that we have had this turn of events, but we have entered an era of much greater legalese. I think what Judge Abella has said is that the board has no choice but to accept that new complexity that has been added, rightly or wrongly, from whatever source.

I will be quite honest. If I have a frustration—and here I am sensing a bit from you; and we have had some discussions of this amongst ourselves with the Workers' Compensation Appeals Tribunal—it is that we may be taking some of these matters out of the hands of the laymen. They can still come before the board, but increasingly it may be advisable, no matter which side, that they not do so because we have entered into a much more legal situation.

I am open to suggestions. I do not think there are any, for exactly the reasons Judge Abella has outlined. Perhaps the deputy who, back in a simpler age, was the chairman of the board—

The Vice-Chairman: Are we back to mandatory retirement?

Hon. Mr. Wrye: Mr. Armstrong, how did you keep control of things?

Mr. Armstrong: It is difficult to remember what happened 25 years ago. At the risk of assuming the wrong role, I was going to engage in some interrogation myself.

Let me make a serious statement. I think it is dangerous to generalize from the perhaps dramatic cases or the ones that come to the attention of individual members, extrapolate from them and conclude that somehow the board's processes have become so entangled the cases are not getting out.

I do not have the figures before me, but if one were to examine the actual data and statistics, I would venture to say the vast majority of certification cases, for example, are getting out as quickly now as they ever were. Since you have invited me to reminisce, I can remember many years ago we used to have the same complaints about the difficult and prolonged cases.

You have heard the answers, Mr. Mackenzie. Often the delays are caused by the unavailability of lawyers—the inability of the board to schedule continuations of cases when the board is available to hear them but counsel, looking at their books and being busy, say they cannot.

Mr. Mackenzie: That is one of the things that has to be done. The chairman has to have the right to set the dates of the hearings.

Mr. Armstrong: On that score, it seems to me that counsel do not have the degree of flexibility in the courts that perhaps they have in front of some administrative tribunals. That is probably a fair question to explore, as to whether it is possible for the board to be a bit more stringent in requiring counsel to attend on continuation dates.

Again, I would be interested to know whether my intuition about the pace of the case processing generally is correct. That is to say, there has not been the kind of dramatic slippage in the time taken to process the vast majority of cases that some of the questioning and discussion heretofore has been inclined to assume and take for granted. Perhaps the chairman could address that.

Judge Abella: There has not been very much slippage at all. The board is used to providing service at a certain level, and the bar is used to

that service. One of the things they are used to as well, as Mr. Armstrong indicates, is getting dates that accommodate them.

One of the things we are looking at changing in the scheduling system is attempting to be more stringent. Our problem there is that we get a very specialized bar. Often, aside from their own schedules, the reason they are not available on the dates we have picked is that they are before another panel of the board. So there are limits to what we are able to do. We are also a tripartite tribunal.

Mr. Mackenzie: In courts, the dates are set by the judge. You have a much more informal procedure at the board. The chairman will find out what dates counsel are available.

Judge Abella: There is no question there has been effort in the past to accommodate the trial dates that are convenient for counsel. When you have cases that are quite frequently 10, 15 or 20 days long, as we now have, it is very difficult to proceed without the co-operation of counsel. We often have three, four or five counsel on a case; they have other labour matters scheduled. There is very little we have been able to do about that.

Hon. Mr. Wrye: Just as an aside, we have proposed for the first time—and it is subject to the approval of the Legislature and to a review by all of you; correct me if I am wrong, Judge Abella—to put some time limits on the access question, which the board will be reviewing, on questions of access in first-contract situations. They are very strict time limits. Some have suggested they are overly strict, and I am open to some review on these matters, but I just want to say to my two critics that we have put some tough time limits on because we think the question of a timely resolution of the access issue is important.

To some extent, Mr. Mackenzie, I have some sympathy with your viewpoint that legal counsel will have to move a few other things around to get these issues forward as quickly as possible.

I do not know whether in Judge Abella's view the time limits are too strict. She probably does not think they are overly generous, based on her earlier comments, but we can review that as a Legislature. It will be interesting to see, in terms of the overall board working, whether the time limits we try to impose on first-contract questions will put on an additional discipline that might be applied in other situations. I do not have the answer to that.

Judge Abella: Frankly, I do not think the problem is with the access to the board. The problem is going to be that if there is a time limit put, as there is in the proposed legislation, for

when a decision has to come out, the board is going to be in the position of doing nothing but first-contract cases. All the unfair labour practices, certifications and so on will not be able to be dealt with.

We still have to give notice to parties. If we have a 30-day time limit, they are entitled to prepare their cases. If the bad-faith bargaining cases we have before us are any indication—I am not suggesting that is the test, but it is the most analogous example we can look at—we are looking at a hearing of about 10 days.

For a vice-chairman to be able to write a decision after about 10 days of hearing within that time limit is unrealistic, I think, unless there is a willingness to sacrifice the quality of the decision. Most of the decisions at the labour board are written so the person who does not win understands why. I would not want to see the quality of those decisions impaired.

There is a lot to be said for trying to develop a system that gets its decisions out more quickly, but putting stringent time limits is going to interfere with not only the perception but also the reality of the quality of the hearing that takes place before the board.

Mr. Gillies: I think what Judge Abella is saying has serious implications across the board. Regarding the time limits you have put in your first-contract bill, the 30 days and the 21 days, at least two labour lawyers have told me that they feel they are unrealistic and that there is going to be an additional burden on you. I had at least one say to me that he thought you were going to have to put a ministerial variance on just about every case that comes up.

With the additional problem that Judge Abella has highlighted, that the pressure coming from the new legislation might interfere with the time lines and the processing of other types of cases and certifications and so on, I am wondering if you might be doing yourself a favour by looking again at those time limits. If they are unrealistic, it could gum up the works.

Hon. Mr. Wrye: The time limits, particularly the 30 days, are not etched in stone. I have heard two things from Judge Abella. I am willing to work on and review that number. I would not mind invoking section 17 of that bill if I were extending the time because the decision needed more time to be written in a quality way. I would mind extending the time if the parties could not get their act together and had not even had a hearing yet.

We felt that perhaps the process was getting frustrated by the failure of the parties to get the

matters moving. I certainly would not want to tie the hands of the vice-chairmen in terms of writing a high-quality decision.

9:40 p.m.

The other matter Judge Abella alluded to, and you have in your comments, Mr. Gillies, is the question of personnel. Again, I will go back to what I said about the Ontario Human Rights Commission. This government does not believe it ought to proceed with legislation without understanding the personnel implications of it. This is a perfect case of it.

I expect the personnel implications will be dealt with as we move forward. The legislation has not been called for second reading, and it will be some time before it presumably passes and indeed some time after that before it is operative. During that period, we expect to reflect on the personnel of the board and its additional responsibility.

Judge Abella: I do not think there is any concern with the 30-day notice. We already have 124s, which have a 14-day time limit, and they are dealt with. They are put on for hearing within 14 days. That is not a concern that we have. They are dealt with as expeditiously as possible.

As to the imposition of scheduled dates on counsel, I can assure you, Mr. Mackenzie, we have no reluctance to look at that system; in fact, we are moving towards something that does make more of an effort to get scheduled cases on earlier. Eventually the bar is going to understand that works to its benefit as well. There is going to be some concern at the beginning because it is a change in the way the board deals with its counsel, but we are coming to agree with the point of view that there may be no alternative but to look at it from that perspective now.

Mr. Gillies: Are you saying the 30 days is not of concern to you but the 21 days for commencement might be unrealistic?

Judge Abella: The concern is not with getting the case on for hearing within 30 days. I think the legislation as it is drafted has a time limit for the decision issuing.

Mr. Gillies: Forty-five days.

Judge Abella: That is a problem.

Mr. Armstrong: I think there is some confusion here. Maybe I will confuse it further.

Thirty days is for the screening process to determine whether there ought to be an interest arbitration. There is a further 21 days, I believe, for the commencement of the hearing on the interest arbitration and then 45 days for the issuance of the interest arbitration decision.

Judge Abella: That is right.

Mr. Armstrong: You have that. As I understand it, you as chairman are worried about the 30-day screening process being possibly too short.

Judge Abella: Given our experience with those kinds of cases, it is likely unrealistic and I expect it will be for the first dozen cases that come through as people try to develop the jurisprudence on what the test actually means.

Mr. Armstrong: Again, let me take perhaps the wrong role. If the parties are in agreement and can prepare and present their cases within a reasonable time—say you give them seven days' notice of the hearing, which gives you 23 days, let us say, to hear the evidence and adjudicate, and they do not agree to extend—are you saying that is difficult for the tribunal?

Judge Abella: It is going to be difficult because the vice-chairmen are scheduled three days a week to be able to write decisions. They are all carrying an enormous backlog of decisions at the moment. Scheduling those cases in any form is still going to take most of the month just to get the hearing over with. That does not leave any time to write the decision. That is the concern.

The other concern is what it is going to do to the rest of the case load even if there is an additional resource package that is brought in to deal with the first-contract legislation.

That is not my main concern. I am satisfied that the minister, in introducing legislation, is not going to introduce something that does not have the financial amenities to go along with it. My concern is more along the lines that Mr. Mackenzie raises about how to deal with the current scheduling problems that we have, being able to reduce the delays in the case load that we are actually carrying now, without even beginning to discuss what happens with first-contract legislation. That is what we are working on.

One of the things we are hoping will happen with the pre-hearing conferences that the vice-chairmen will be conducting, which are informal and off the record, is that where there is not a possibility of settlement, at least the issues will be narrowed sufficiently that we can set a reasonable number of days. They do now tend to go on and on because there has not been enough of an ability, in resource terms, to sit down and figure out what the case is about. Once a vice-chairman sits down with the parties, I think he or she will be able to determine what a reasonable hearing period is for any given case, how many witnesses are going to be called, what

the evidence is going to be and possibly get an agreed statement of facts on what some of the issues before the panel are going to be.

We expect those will make some impact, but still it comes down to a question of being able to handle four times the case load with the same number of people.

Mr. Armstrong: There is always a tension between the ability of a tribunal to organize itself to handle its statutory mandate, on the one hand, and the desire of, in this case, the government and presumably the Legislature, on the other hand, to build features into legislation that induce parties to get serious.

It would be no secret that one of the objectives behind the stringent time limits is to induce the parties to fashion their own resolution in disputes. For example, in the expedited arbitration field, that certainly has proven to be the case. Under the proposed bill, conciliation is still available during these relatively short periods of time. If one abandons those periods of time or extends them, or if it becomes the norm for the minister to grant extensions or for the parties to agree to extend, then that pressure to settle is gone. We have somehow to bear that balance in mind and be sensitive to your administrative requirements and, at the same time, keep the pressure on.

Judge Abella: I quite agree. That has always been the focus of the board, in any event. Most of its cases still get settled by the labour relations officers. They are key to the way we function. On a percentage basis, few of the cases ever get to a hearing. One of reasons we are introducing the pre-hearing conference again is to induce settlement. We still think that is the most effective way to resolve labour relations disputes.

Hon. Mr. Wrye: Mr. Armstrong's comments have alluded to the area of the two parties. I think it is fair to say that in drafting this legislation, Mr. Pathe's extensive experience and working relationship between the parties has been very important in regard to the intent of the government in this legislation. Do you have any comment in regard to the short time frame and any other matters?

Mr. Pathe: The best experience we have had with short time limits is in what is now section 45 of the act, the expedited arbitration. In 1979 when it was going through the legislative process we heard cries of outrage, particularly from the labour bar on the very tight time limits in that piece of legislation. In fact, it has worked very well.

Miss Read, who is the director of the office of arbitration, is here. She can correct me if I am wrong. I do not believe there is a handful of cases over the six years that have not been dealt with in the time limits. To be fair, the time limits deal with the time within which a hearing must commence, not the time within which a decision must be issued.

Judge Abella: Exactly, and we have no quarrel with that.

Mr. Pathe: The lesson to be learned is that the labour bar will adjust and will be available when there is no alternative.

Judge Abella: And have been under section 124, applications of the board.

Mr. Pathe: The construction industry arbitrations are another good example.

Judge Abella: I agree totally with that objective, with getting it on as quickly as possible. I really do have some concern that we are going to create an unrealistic expectation that we are going to be able to provide the parties with a reasonable decision within 30 days of a hearing. We are not talking about the arbitration process now. I am talking about whether the test has been met, whatever test the government decides to make.

9:50 p.m.

Mr. Pathe: The important point is that in a case where an application has been made for first-agreement arbitration, in many of those cases there will be a strike or lockout in effect and that strike or lockout under the bill will go on until the board makes a determination that it will be submitted to arbitration. A long period of time there would really, in my view, destroy the usefulness of the bill.

If there were months of hearings and writing—and I understand the difficulty—it would really render the bill almost useless, because the strike or lockout would either be going on during that period or would commence during that period. That is the important thing. Once the board decides that arbitration is to be the remedy, then the strike or lockout must cease.

Judge Abella: I do not think anybody on the board would quarrel with the desire to get those decisions out quickly. That is the objective.

Mr. Pathe: Having worked with the board for two years, I understand the problem.

Mr. Mackenzie: I have a couple of other more administrative or minor matters. Are permanent panels on cases, particularly construction cases, one of the approaches that might have some use?

Judge Abella: We have a permanent construction panel.

Mr. Mackenzie: Is there any chance of enlarging that at all?

Judge Abella: We have already enlarged it. There is one additional vice-chairman who is now doing construction cases.

Mr. Mackenzie: What about the move away from full monthly meetings, which I understand served an update educational use? Is that out the window or is that something that is under consideration?

Judge Abella: No. You are referring to the Consolidated Bathurst decision. That has been appealed to the Court of Appeal. We got leave, and that is going on before the court some time in the new year. We have taken the position that until the court decides in a determinative way that we cannot meet to discuss policy and educational matters, we will continue to do so. The board does meet.

Mr. Mackenzie: You do not have full board meetings monthly as they used to.

Judge Abella: We do not have them monthly. Three or four times a year there are updates on administrative matters and policy issues to keep all the board members informed of what is going on.

Mr. Mackenzie: One of my pet peeves for a good number of years has been the size of the company's role in certification procedures. It has not changed. However, you may be right that the time frame has not lengthened.

In terms of certification procedures, I have fought for a long time saying—and I have raised this with the minister—that the company's role is much larger than it should be in such procedures.

I have talked to some very successful organizers within the last couple of weeks who are running into the same kind of petitions and problems I used to run into before Finkelman many years ago in certification hearings.

This is probably more to the minister, but I am just wondering whether we are prepared to take a look at making sure that the only status of the company, when there is an application and the signed cards are produced to verify the unit—

Hon. Mr. Wrye: You raise an interesting question, of course.

Mr. Mackenzie: There is probably a hell of a lot more time involved too.

Hon. Mr. Wrye: I guess the answer is yes, we are going to look at it. It is interesting that—and there may be some additional comments from the

deputy or Mr. Pathe—since becoming minister, both sides have had comments on the certification procedure.

I have heard the argument that you just made brought forward. On the management side, I have heard equally unhappy comments about how the procedure ought to be tougher. I have not heard that on all the issues facing me. I do not pass any comment on it.

I do not know whether this is a long-standing matter, but the company people, the management and business groups I have met with have argued with some degree of vehemence and fairly strenuously that the certification process is too—I was going to use the word "liberal" but I will not—that it ought to be tightened up and be more stringent.

Mr. Mackenzie: I can only go on personal experience plus the word of a number of organizers, some of whom I have a hell of a lot of confidence in.

I have petitions or company arguments in about eight or nine out of 13 plants in the Windsor area I organized in the year that I was on the United Auto Workers' staff. There was not one of them that was not finally thrown out. For every damn one of them, there was a delay. Every damn one of them was sponsored by a supervisor or a management official or a company lawyer or you name it. There was not one, in any case I had, that was upheld. My experience, view and belief are that is still the case in most certification hearings today.

Hon. Mr. Wrye: Mr. Armstrong may have some additional comments, because he sat in on a number of the consultations we had with business. It is not only a matter of throwing out what there is today; there is also the additional view of management that what we have today is not tough enough or stringent enough. It is not a process that identifies whether workers in a specific establishment wish to join a union and bargain collectively.

Mr. Armstrong: Yes. To add to that, as I age, I find myself reflecting more and more on the history of matters. I apologize for that, but the petition system represents a historical tradeoff. On the one hand, the consistent position of management from the inception of the certification process is that there should be a vote in every case. On the other hand, the consistent position of the trade unions has been that it should be sufficient to file the requisite number of membership cards, meet the requisite percentage figure in the bargaining unit and get automatic certification.

The historical compromise, which was the invention of Professor Finkelman, was the notion of the petition. If there was bona fide evidence that employees who had originally signed during the membership campaign either had legitimate second thoughts about whether they wanted to join the union or felt they had been induced to sign under a misapprehension of what it meant, then they should have an opportunity to indicate that fact between the date of application and what is called the terminal date.

I can confirm what you have said from my experience as a counsel for labour unions. A good deal of my activity, and incidentally income, was the product of fighting off petitions that were inspired by employers. The question that has to be asked and that has faced us over the years for as long as I have been in this business is whether that historical compromise worked out by Professor Finkelman, who is still regarded as one of the wise men in the labour adjudication field and, indeed, in the educational field in respect to labour matters, is fair and workable.

The fact is that, as you say, the vast majority of petitions that occur are proved not to be of any value in determining the true wishes of the employees and, therefore, are rejected. I think it is accurate to say, although I defer to the chairman or the registrar, that the vast majority of certification cases still do not have petitions. You have the figures. As frustrating as the problem of the petition may be in a number of cases, quantitatively it is not the problem that some would make it appear to be. Is that accurate?

Judge Abella: It is accurate, but it is still true that there is an increase in the number of petitions. Most of them end up being unsuccessful, but there is an increase in the number of petitions we have had over the past year.

10 p.m.

Mr. Aynsley: It is fair to say that there has been an increase in them. There has been no change thus far, although we are considering one, in the type of notice that is posted in the work place. There does seem to be some sort of a mystique behind these applications that generates petitions. Probably now, the figures would prove that in about 50 per cent of certification cases you can figure you are going to get a petition.

Mr. Mackenzie: I talked to a very successful steelworker organizer at a banquet about a week ago, who had been involved recently in five organizing drives. He ended up with a petition in every single one of them and was totally frustrated. This chap was not on full-time staff

but was out organizing. He was a very successful organizer. I see the same frustrations there that I used to encounter before the board.

We had a working group going recently with some labour people. I asked them to give me five of their most serious concerns, apart from the delays and the problems at the board itself. They came up with six at the second last meeting we had. I want to highlight them for the record here, because they are all things the minister has probably been approached about himself.

The legal profession was well represented at the doggone meeting, perhaps too well represented because I am not sure the union lawyers are any better than the company lawyers in some cases. The most important areas of concern they raised, not necessarily in order of importance, were:

1. Anti-union petitions, terminal date, the application date: That is an argument I have made myself and I am well aware of it. It would resolve a hell of a lot of the problems;
2. Justification clause: A worker cannot be removed from the job until a case has been arbitrated;
3. Strikebreaking, resolution of strike-related problems, charges, offences, firing, enforcement in illegal strike situations;
4. Contracting out, sections 1 to 4, successory rights and related employer problems;
5. Bad faith, redefine;
6. Revise section 45 and have the board pay the arbitrators.

There is some validity in all of them. On the last one, I would add that in the case of some of the arbitration costs I have seen, while not as bad as we consistently had for a while, have been pretty hefty bills. That was one of the arguments. I still wonder why we never got around to setting a fee schedule. I know the fear was that we would lose some of the good arbitrators, but I am not sure that still should not be done.

Mr. Gillies: Perhaps I could add to Mr. Mackenzie's list. Many of the same concerns about the board have been expressed to me. Interestingly, with the findings of bad-faith bargaining or the failure to find bad-faith bargaining, there are two very divergent opinions from management and from labour. It would appear that neither side is satisfied with the board in that regard.

We hear a lot of comment about the T. Eaton Co. situation. Several labour officials have said to me, "If they have not found bad faith in Eaton's, when the heck are they going to?" If one goes back a few years to past findings of

bad-faith bargaining, one will find other cases which have equally rankled employers. I am not sure you are ever going to satisfy both sides in those cases.

The question I hear come up most in the labour relations area from the employers' side is that of strike votes being taken by a show of hands or other mechanism and not by secret ballot. I would very much like to hear the minister's feeling on that.

He will know that just about every jurisdiction has a different way of handling this. In the last couple of years, Britain has gone to a secret ballot in all votes and a mail-in ballot system. Does the minister have any thoughts on that?

Hon. Mr. Wrye: I cannot remember the exact section, but it is illegal. Such votes cannot be taken in a public way. Strike votes must be taken by secret vote.

If memory serves me correctly, a lot of this ends up being anecdotal and anecdotally wrong. I draw your attention to subsection 72(4) of the Labour Relations Act:

"A strike vote or a vote to ratify a proposed collective agreement taken by a trade union shall be by ballots cast in such a manner that a person expressing his choice cannot be identified with the choice expressed."

Mr. Gillies: I have done some research on this, which I do not have with me but I will bring it on Thursday. I talked to Cliff Pilkey about this recently. His feeling was that about 90 per cent of the votes taken in the province are by secret ballot. He conceded there would be some that are not.

I will bring this in on Thursday because I want to get into it with the minister. I surveyed the 10 largest unions in the province. Nine of them always have a secret ballot on strike votes, but surprisingly one does not. Perhaps there is a loophole. I hesitate to suggest anyone is deliberately breaking the statute. Anyway, I will bring that on Thursday.

Hon. Mr. Wrye: We are back to the point where I am not certain what you expect us, as a government, to do. There can be a complaint that the act has been violated, but there is an important point to make and in a sense you just made it. Nine of the 10 largest unions always have secret ballots; those are your words, not mine. You suggested the 10th might not have secret ballots on an occasion or two. I suggest to my friend that nothing in this world is perfect. He may be creating a problem where there is none.

Mr. Mackenzie: I think it is a nonissue.

Hon. Mr. Wrye: I honestly do not think it is a very major problem. I am not sure it is even a very minor problem. Perhaps Mr. Armstrong can outline it. If an employer feels the act has been not followed, presumably a remedy is open to the employer. I have not seen many beating down my door since becoming minister almost six months ago; none, to be exact.

Mr. Barlow: Is there to be a secret strike vote or not? That is my question.

Hon. Mr. Wrye: That is what the act calls for.

Mr. Barlow: The act calls for a secret vote.

Mr. Armstrong: As the minister pointed out, subsection 72(4), which has been in the Ontario Labour Relations Act for as long as one can remember—

Mr. Gillies: How long is that?

Mr. Armstrong: At least three weeks.

It provides for precisely that. It has to be a secret ballot, and it has to be in such a manner that, as the minister has said, the person expressing his choice cannot be identified by the choice expressed.

The language of the act is very adequate to cover the situation. In terms of a remedy, there is a right to go to the board to seek consent to prosecute when any provision of the act is violated. I am not aware that such an application has been made, although Mr. Aynsley suggests it may have been.

Just before I finish, I wish to point out that if the prosecution proceeds, section 96 of the Ontario Labour Relations Act provides that a trade union is subject to a fine of not more than \$10,000 for the offence. At least in theory, there is a remedial procedure. Has that been pursued?

Mr. Aynsley: No. The cases we have had involving strike votes have generally been brought by employees in the bargaining unit who perhaps are not members of the trade union but are paying dues and who insist on the right to vote and have been denied that right. They may have complained to us that the vote was by a show of hands instead of by secret ballot.

Generally, that type of complaint is filed under section 89 of the act. The remedies the board has under section 89 are pretty wide and can involve, and did involve in one case I can think of, directing the union to take a strike vote.

Mr. Gillies: As the minister can see by the evidence of his own officials, it is an issue and it does happen.

Mr. Aynsley: In all fairness, I think I can remember two cases in the past 10 years.

Mr. Gillies: Okay; but anyway—

Hon. Mr. Wrye: That is exactly the point—

Mr. Gillies: Hold on for a second. You are getting very good at jumping in on other people. You have only been in cabinet six months or so, and you will get better at it.

10:10 p.m.

Hon. Mr. Wrye: It has happened only twice in 10 years.

Mr. Gillies: Those are the cases that have been brought to the attention of the board. There are other cases, I am sure, that have not.

You can laugh it off all you like. You, I thought, were someone who would take very seriously the democratic rights of workers. If those rights are being infringed upon even occasionally, then perhaps you have an obligation to look at the statute by way of remedial action. Other jurisdictions are doing it, and there are other mechanisms for doing it. I will be bringing that forward to you in due course. I do not think it is something to be laughed off.

Hon. Mr. Wrye: The first point is that it is in the statute. The second point is that remedial action is provided for. The third point is that there have been almost no complaints; two in 10 years is not exactly a large number.

My staff can correct me if I am wrong, but in six months as minister, I have not received one complaint—never mind going to the board, as much as that is at the end of the process—or one call from anyone complaining that his rights in this area have been denied. I have heard the concern you have raised, but it is always unsubstantiated. I would think, to be fair to the trade union movement, you would want to leave it right there: the concern may be out there in the public purview, but it is unsubstantiated.

While reminding all and sundry that there is a section of the act, it might be appropriate if we as a committee left the impression that while there is a section in the act, we are very proud that the trade union movement in this province has, for the greatest part, followed the rule. I would think you would want to commend the trade union movement for how it has followed the act in virtually every instance and not leave the suggestion out there that somehow there are a number of trade unions that are trying to get around the act.

The evidence from the board—you have heard tonight—is that there are not such cases. I would think you would want to acknowledge that.

Mr. Gillies: For the most part, in the vast majority of cases, you are right. The trade union

movement is acting responsibly, and especially most of the larger unions are adhering to the act. However, if there are even occasional cases, whether or not they are brought to the attention of the board, they merit your attention.

Hon. Mr. Wrye: They will get it.

Mr. Gillies: I suggest to you that you can tell the committee to leave it at that, but while you may already be worshipping certain sacred cows, I am not. When such abuses come to my attention, I will be bringing them to your attention.

Hon. Mr. Wrye: I will be delighted, but I have not had any brought to my attention. I guess that is the point: No one has brought any single abuse to my attention in six months. I heard about this issue anecdotally, but that is it. I must assume in the past six months there has not been a problem in the entire province in this regard. That is a matter we all ought to be proud of.

Mr. Mackenzie: Can the minister tell us what he is doing, if anything, about the rights of part-time workers? I am referring to the decision of the board that the 2,000 part-time people in the 22 community colleges did not have the right to organize under Ontario labour law.

Hon. Mr. Wrye: If I am not mistaken, Ms. Bryden asked that question of my colleague today.

Mr. Mackenzie: I do not think she asked it today.

Hon. Mr. Wrye: Was it yesterday? I am sorry. He indicated the matter is under review. I expect he will raise, as appropriate, the issue with me. I believe in this situation he may want to discuss the wider issue with me, but it is really his legislation.

Mr. Mackenzie: That is the issue Ms. Bryden has raised, but there is the whole question of what kinds of procedures we are going to give to other groups that do not have the right. You have the letter of August 26, for example, sent to you by the Sudbury and District Labour Council concerning the foreman. You have the question that was raised today—not with you—about some of the professional groups that want a certification procedure.

I do not think any of us is arguing their salaries or anything else. What we are arguing is that the process is not there for them in a meaningful way. We need to take a look at additional rights for groups of employees to have a form of certification that gives them a collective bargaining process.

Mr. Chairman: Thank you, Mr. Mackenzie, Judge Abella and Mr. Aynsley.

Mr. Mackenzie: I know that on Wednesday we are going back to discuss safety and health. I have no difficulty with that. Can we have about 10 minutes maximum with employments standards before we finalize the votes? I have about two issues that have to be raised.

Mr. Chairman: The last time I saw Mr. Martel, he told me he wanted to deal with occupational health on Thursday. Perhaps the critics should sort that out. It is not up to the chair or the minister to sort that out.

Tomorrow we will sit at 10 a.m. and adjourn at 11 a.m. That is clearly understood? That is mainly to accommodate Mr. Gordon.

Hon. Mr. Wrye: Mr. Mackenzie, I think you would agree with me. Mr. Martel may be wrong in this regard. I want to have some sympathy with my friend the member for Brantford (Mr. Gillies), who has to go to that funeral tomorrow. Perhaps tomorrow morning we can deal with Mr.

Mackenzie's employment standards matters first, but then I think Mr. Martel should understand that we are going to move on to occupational health and safety.

Mr. Mackenzie: My understanding was that he would be here for that purpose. It might not even be 10 minutes, but we just wanted a chance to raise one or two issues.

Hon. Mr. Wrye: Perhaps you might pass that thought on to Mr. Martel.

Mr. Chairman: We all will have a chance to talk to him when we go into the House for the vote. Is there one other point?

Mr. Gillies: There are matters other than occupational health and safety that I would like to raise before we wrap up on Thursday. I wonder if that could be conveyed to Mr. Martel.

Mr. Chairman: We have not passed any of the votes except 2501; so it will be wide open.

The committee adjourned at 10:17 p.m.

CONTENTS

Tuesday, December 17, 1985

Occupational health and safety program:	R-585
Adjournment	R-605

SPEAKERS IN THIS ISSUE

Barlow, W. W. (Cambridge PC)
 Gillies, P. A. (Brantford PC)
 Gordon, J. K. (Sudbury PC)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mackenzie, R. W. (Hamilton East NDP)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:

Abella, Judge R., Chairman, Ontario Labour Relations Board
 Armstrong, T. E., Deputy Minister
 Aynsley, D. K., Registrar, Ontario Labour Relations Board
 Brown, G. A., Executive Director, Ontario Human Rights Commission
 Pathe, V., Assistant Deputy Minister, Industrial Relations Division
 Purcell, Canon B., Chairman, Ontario Human Rights Commission
 Wolfson, Dr. A. D., Assistant Deputy Minister, Labour Policy and Programs



No. R-26

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Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Labour

First Session, 33rd Parliament
Wednesday, December 18, 1985

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 18, 1985

The committee met at 10:13 a.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: When we adjourned last night we had agreed that this morning we would meander through the remainder of the votes, combined with tomorrow evening, and then conclude the estimates at that time.

Mr. Mackenzie: I have just a handful of quick questions that the minister probably can get back to me on. I wanted an update, if he can get it for me, on what the Hamilton Spectator has called the racism row relating to the taxicab operators and the Sikh issue in Hamilton. That has been on the burner for some time and it is an issue that is still causing some problems in my community.

We have a problem with pension windups. The Gardner-Denver Canada Inc. issue, as I think I mentioned in my opening statement, has not been resolved as yet. Once again, the United Auto Workers were forced to halt their action, whether or not the case would have been strong enough to get anywhere in terms of the \$1 million in excess money that was in the Allen Industries Canada pension fund. As well, the last 104 employees were getting awfully uptight and uneasy after the long delays in settling their pension entitlements.

I have had half a dozen other cases that have been raised with me. I know it is an ongoing problem and I would appreciate knowing whether the minister has some intention of looking at the whole issue of the windup of pension funds, usually in cases where a company is going out of business, and also excess funds in a pension plan.

We have made the argument, as I am sure the minister is aware—and I believe he has even agreed with us from time to time in past years—that these really are deferred wages any way you look at it. I am annoyed that excess funds in a plan end up going back to the company, particularly in a case such as Allen where they are moving out of the bloody country to begin with.

I had a specific issue about pensions raised with me by some of the Ontario Hydro employees and I want to put on record a couple of paragraphs from a brief letter that probably tells

the case as well as anything. This is from a Hydro employee in my area.

He says: "In the recent Ontario Hydro settlement (compulsory arbitration), our pension plan was to be changed, using a 90 open factor. I understand the order in council was to be signed November 1; then it was moved to December 1, 1985; now it is said to be January 1, 1986; and now we are even told it may be April 1, 1986, which is one year into the new contract.

"In Beamsville where I work, there are nine employees who could qualify. Apparently, Hydro went back to Mr. Burkette to get a ruling on the cutbacks of employees and received a ruling of an immediate cut of 300 employees. The personnel officer said that the morale of older employees is terrible, not knowing when they can retire, take vacations away from the cold, etc. I have told employees to contact as many of their MPPs as possible."

The chap signed it. The award was made in August 1985, as I understand it. I have talked to the staff representative of local 1000. It has to go to cabinet, I gather, for an order in council. They need a regulation change to the Power Corporation Act in the Ministry of Energy. The Ontario Hydro board, I understand, approved it last October.

What happens to a bunch of employees and the potential for some taking their retirement when an award is issued in August, an approval, if my information is correct, from the Ontario Hydro board in October, and they have now been given November 1, December 1, January 1 and maybe as late as April when apparently all that is involved is an order in council? It does not make any sense to me. While it may not be entirely within your jurisdiction, I would appreciate being able to get back to these people and find out just what in blazes is holding up that particular settlement.

Hon. Mr. Wrye: I will check with my colleague on that.

Mr. Mackenzie: I do not know the details on this, but I did have a call from a chap with the Liquor Control Board of Ontario. He said their last contract, July 1, 1984, to June 30, 1985, has never been signed. Apparently, some of the problem revolves around arbitration awards re full-time and part-time employees.

The money was okay, but basically the part-timers were the issue. They are now involved in new contract negotiations where, once again, job security and part-timers are the issue; yet the original contract has never been signed. I would be interested in knowing just what the status is of that situation. If you can get an answer on the status of the LCBO workers and their previous contract, that would be appreciated.

10:20 a.m.

I want to raise once again, without going into detail, the number of letters—I have eight or nine here alone—concerning either public health nurses or delays in hospital disputes arbitration procedures. That appears to be a growing problem—at least it is from the number of letters I am getting. It might be something the minister can take a look at. The letters I have here are from around the province.

Hon. Mr. Wrye: Vic Pathe might want to make a couple of comments on this problem.

Mr. Pathe: Mr. Mackenzie is right. There are more examples of delay caused by a variety of factors. One is the difficulty of getting parties together. Once the dispute is moved to the arbitration stage, we experience a lot of delay in getting the names of the nominees from the parties and then, when the parties consult, to get an agreement on a chairman.

For the past year, we have been monitoring these cases. We phone them and ask: "Who is your nominee? When are you going to name your nominee?" We remind them of the need to get moving. Then when the board is established, the dates chosen must be suitable to a chairman, two nominees and, very often, two lawyers, one representing each side.

It is also interesting that in some of the cases we get complaints about, as much as six months have gone by from the expiration of the contract before one of the parties applies for conciliation. There is a fair amount of delay in some cases before it even gets to the arbitration stage.

One of the things about the arbitration process is that there appears to be no pressure on anybody to move it. The pressures of other events and the people involved, particularly in nursing homes, just seem to be left and not pursued by the union or the employer in many cases.

We have had a couple of examples where one or both parties have been critical of the delay of the ministry. When we put together the chronology of what took place, we found that the union had probably applied for conciliation six months

after it was entitled to do so. It has been as long as six months and, in some cases, it has been less.

We are doing all we can under the present scheme to move them along and get them into arbitration. There are so many people involved. There is the chairman, the nominees and counsel. Very few are now handled by the parties and more and more are handled by lawyers. Scheduling is a problem.

Mr. Mackenzie: I have two comments on that. One probably backs up my contention that one of the problems we are running into is what I have referred to as legalese. It seems to be hitting every phase of the labour movement. If that is the way we are heading, that is going to be a real problem and a tragedy down the road. I have worried about that since the day I started with the trade union movement a hell of a lot of years ago.

Getting involved with lawyers in the courts in the labour movement is not the way to resolve our problems. We have to come up with some better mechanisms to deal with this problem.

Regardless of where the fault lies, I start noticing it when I get a whole series of letters. You indicated that as fact. I have at least six or seven letters here from various parts of the province. Those are all in a number of months. When a pattern like that begins to develop, you know you have a bit of a problem. I am wondering whether there is some way the ministry can tag what may be a developing problem and move a little faster to try to come to grips with it.

Hon. Mr. Wrye: Mr. Pathe monitors this quite closely. He may want to comment whether it is his view that the problem has worsened and whether he has been able to put his finger on any one reason or any pattern which is emerging.

All members in this room and I as the minister have received a number of letters. I do not know, Mr. Mackenzie; it may simply be the problem is the first issue you raised. Your point of view is one I have some sympathy for, as I expressed last night, but quite frankly, I do not know any mechanisms to avoid it. I do not know how one can avoid allowing employers or workers in this more sophisticated age to turn the matter over to a lawyer rather than having a staff representative of the local or the owner or manager of the enterprise himself do the case. That is surely their right.

Mr. Armstrong: Maybe I could add to that. That is one of the problems. It is tough to dictate to people who have presented their cases.

Let us face up to another problem. In this system, we have chosen to rely on freelance

adjudicators, people out there in the free market system who are scheduling cases, interest arbitrations and rights arbitrations eight, nine, 10 or 12 months down the road. I guess the question that is implicit in yours, Mr. Mackenzie, is whether this is good enough and whether this system is the best or there is a better system.

Again, I think it is wise to be candid. Tied to that is the fact that these people who seem to be so popular as adjudicators do not put a very high premium on these cases because the per diem established under the Hospital Labour Disputes Arbitration Act is not sufficient, in their view, to pay their overheads and make it profitable to do the work.

All of that suggests that one might think about another system. That system might entail a more permanent tribunal for dealing with these matters.

Mr. Mackenzie: It probably is time, because I can see a growing trend which I know is disturbing a number of people, to have somebody take a look at what other options we have. As long as that were done in consultation with the parties involved, I think we should be okay.

My colleague here is getting edgy. I have only two more questions.

Mr. Martel: You told me 10 minutes.

Hon. Mr. Wrye: He took the entire two-and-a-half hours on Thursday last, so do not let him get too edgy.

Mr. Mackenzie: One is about a dispute which has been fairly tight in trying to work out some arrangement. One thing that is bothering the workers is the efforts to stagger severance payments to avoid the problems they are running into under the new federal legislation with respect to the Unemployment Insurance Commission and so on.

Are we taking a look at anything that could undo the damage that has been done by the federal government with regard to these payments?

Hon. Mr. Wrye: We are continuing to try to convince the federal government on the severance issue and on the upcoming pension issue that they are simply wrongheaded, that there is not a lot of money to be gained and that there is a great deal of additional disruption as a result of that.

With all of my friends from Sudbury in the room, I may say that later today I shall be going to Sudbury to make an announcement of new labour adjustment initiatives.

The severance issue and the pension issue have not finally been resolved in spite of some stories you saw last week. I am told the matter is still up for debate. It is going to make it very difficult where there is the rationalizing of work forces for that to occur in as orderly a fashion as it might otherwise. There are situations where work forces are going to diminish.

In my view, we saw in the recent reduction of employment at Inco and Falconbridge that the new provisions on severance pay and perhaps the upcoming provisions on pensions made it difficult for a lot of workers to see their way to accept the early retirement offer. Do my colleagues Mr. Martel and Mr. Gordon have any thoughts on that? Mr. Armstrong may have some additional comments. Frankly, the parties attempted to work out some different systems with Inco and Falconbridge that would avoid the kind of problem you are mentioning.

10:30 a.m.

Mr. Mackenzie: Take Canada Metal, for example. That is the very thing they are trying to resolve in that plant close-out agreement. I do not know of anything that is more unfair or that has caused more concern and anger among workers than those two federal moves.

Hon. Mr. Wrye: We do not disagree with you.

Mr. Armstrong: I do not know whether I can add anything much substantively, but it is having a very perverse effect. Just at a time when some corporations were making however modest an attempt to have enriched early retirement programs, along comes a set of regulations that makes those programs meaningless. So the corporations ask: "What is the point of attempting to cushion the impact? When the calculations are all done, it does not mean anything to the employees."

As the minister says, there have been some attempts to devise ingenious ways to get money into the hands of the workers and circumvent the regulations, but it is a sad commentary when you have to go about devising plans designed, in effect, to contravene the clear intent of the legislation.

Mr. Martel: If you were a bank, they would just give it to you from Ottawa.

Hon. Mr. Wrye: As recently as the last week or so, I believe a new letter has been sent by the Premier (Mr. Peterson) to the Prime Minister, asking that the planned change in pensions be delayed pending whatever resolution the Forget commission makes. We sent that knowing there

continues to be a debate within the federal cabinet on this issue, a very important debate in our judgement. We will have a look at whatever they resolve—and they will have to resolve it in the next two weeks—and get back.

I say to you as my colleagues that the previous government sent a number of letters to Mr. Wilson. Mr. Ramsay sent a number of letters to Mr. Wilson asking him not to put the severance provisions in place. There may be a good reason for me as minister to approach my colleagues in both the official opposition and the New Democratic Party and to work together with you to indicate to the federal government the sense of the Legislature. I believe there is no disagreement among the parties in our House as to what the deputy suggested was the very perverse impact of these two provisions.

If I could add one thing, and I think I alluded to it the other night, it does make one wonder why one would go any further on severance when the changes we will make will simply impact on the unemployment insurance provision.

Mr. Mackenzie: You cannot talk to older workers who do not realize what has been done to them. If they are looking for reasons for a nosedive in federal popularity, that is about as visual an issue with working people as there is.

I had a call from some people at a small plant, Turbon Plastics in Port Dover. It is an international machinists' organization and I think it is a first contract. I am not sure. It is very small unit. One of the things bothering them was that the union had been willing to accept in the course of its contract negotiations—they hated to put it in print, I guess—a wage settlement with an initial starting rate as low as \$5.50 an hour. At the same time people were being referred from Manpower to the plant, which is on strike, with a starting wage of \$6 an hour being offered.

That kind of situation, which surfaces every once in a while, makes a mockery of the whole labour relations procedure, as far as I am concerned. It certainly does not say a hell of a lot for the position of the company in a strike situation. It does not say too much either for Manpower when that kind of situation develops.

Hon. Mr. Wrye: Are they on strike?

Mr. Mackenzie: Yes, they are.

My final point concerns a growing problem. I do not think it is major one as yet, but some of the apprenticeship programs are not receiving the wage increases they are entitled to. I have heard of two of them. One I have been working on with Mr. Scott. I guess it is as much the responsibility of the Ministry of Colleges and Universities as it

is yours, but the initial complaint went through your ministry and, quite frankly, there was a long delay with nothing happening in this case until the chap finally came to me.

He is a chap who works at Frederick Transport Ltd., and the long and short of it, I guess, was that an order was finally issued to pay him about \$1,100 for the difference in wages he had not got. As of a couple of days ago the company was given 21 days to settle it or, they were told, they would be taken to court. They refused; so he was told the court case would probably take up to a year before he could get any satisfaction. I am not sure how we get around that problem.

Incidentally, I talked to Mr. Scott this morning, and he has been on the phone at my request once again in this case. It looks like we may have some action developing.

I am pointing it out as an example of cases where six months or a year go by after they were to see an increment increase in the contract they actually signed. It was pretty well an open-and-shut case in this instance. These people have difficulty finding who is going to help them, whether it is the Ministry of Colleges and Universities or the Ministry of Labour, because there was some buck-passing early on in this case in terms of his own calls.

I am pleased with what we seem to have got going in this situation, but I want to alert you that I think we have a potential problem.

Hon. Mr. Wrye: Your suggestion, as I gather, and so I will not hold up Mr. Martel—

Mr. Mackenzie: I would like to know who has the responsibility—

Hon. Mr. Wrye: I can talk to Mr. Scott, but your concern is really the shared responsibility—

Mr. Mackenzie: Shared responsibility. Nobody seems willing to initiate the actions that are going to get some satisfaction.

Hon. Mr. Wrye: I can raise that with Mr. Scott and get back to you.

Mr. Mackenzie: Fine. In the interests of time, because they are all just catch-up cases, I shall bow to my colleague here who is chafing at the bit.

Mr. Martel: Does the minister intend to respond to anything?

Hon. Mr. Wrye: Of yours?

Mr. Martel: Yes.

Hon. Mr. Wrye: I had expected, as we discussed Monday night, that you would continue your remarks, and that as soon as you concluded, we would—

Mr. Martel: I want to go case by case from now on.

Hon. Mr. Wrye: Go ahead. We will get into a response tomorrow night. We have sharpened our pencils.

Mr. Martel: Lots of overtime was put in on the weekend.

Hon. Mr. Wrye: They did not disappoint you on the weekend. I want you to know that.

Mr. Martel: Good.

Hon. Mr. Wrye: I am sure the lights will burn bright late tonight at the Ministry of Labour.

Mr. Martel: Good, because I want you to look up some material for me.

There was a suggestion made a couple of years ago, and in fact there was a feasibility study done, I am told, with respect to the possibility of establishing a medical surveillance centre for the uranium miners in Elliot Lake. I think the study was done by a Dr. Mildon, and it has been sitting in abeyance, I guess, for a long time.

I am told Mr. Berthelot has attempted to meet with the minister or some of the minister's staff for quite some time, and he cannot even get an appointment or a commitment or a response to the feasibility study, which would monitor what is happening to the miners. I might say Mr. Berthelot has an interest since he comes from Elliott Lake originally, and his dad and his brothers work there. I am not sure what the holdup is in at least meeting with the man and giving some indication as to what the government's intentions are. However, it seems to me a little crazy that after this long, he cannot even get a meeting.

10:40 a.m.

Hon. Mr. Wrye: I do not know the specifics of that, but a member of my staff has taken note of it. If we have delayed some people, I must say we have had a lot of requests for meetings and we have held an awful lot of meetings and we shall hold a lot more, and we shall ensure there is no deliberate attempt to delay things. We have tried to handle a lot of these matters on a priority basis. I realize that gets into an area where we have to be fairly subjective. However, I have taken note of it and we will see if we can get on to it.

Mr. Martel: Usually you do not meet with him; you tell him what you are going to do. Does the ministry intend to proceed? What are the results of the feasibility study? Make a decision. Just to let it run on and on; I just throw that in because the gentleman was in to see me.

I would like to go back to isocyanates. Before I do, I want to speak to my friend the minister, who

gave me a response about Allied Heat Treat. As the minister knows, I have three contacts at that place. My information differs rather drastically from his, and I will tell him what I have.

The minister will recall that I wrote to him and indicated that the testing was done with the windows and doors open and that I did not feel that reflected the conditions under which workers work, with the modern ventilation system they use there. He sent someone in, and I appreciate that. However, they are getting different information from what I am getting. My contacts tell me that during cold weather all the windows and doors are shut. The doors are open momentarily when someone brings supplies in, but beyond that in winter the place is shut down tight. In fact, even the windows were sealed.

The information you are receiving and the information I am getting from three people inside are vastly different. I never cease to be amazed at how much our information differs. Perhaps my sources are different from yours.

Hon. Mr. Wrye: If you will remember, I spoke to you privately. Let me put on the record that after you raised this issue in the late afternoon of December 12, which would be last Thursday, Dave McGowan, the regional manager, made an unannounced visit to the Allied Heat Treat work place at my request.

He found the shipping doors closed, several windows open and both skylights open. He reported the work place was free of any fumes. At the time, the two salt baths were in operation, including the cyanide and preheat baths; also, seven furnaces were in operation. His observation was that the work place was as neat and tidy as found previously.

I admit the information you and I are getting may be at variance; it may or may not be. As you know, nevertheless, there have been a number of orders issued. It may be useful over a period of time to continue to monitor the situation. In terms of addressing this problem, you are getting one piece of information and our check discerns something different.

I do not know what the temperature was last Thursday, but it was not a warm day. The pictures you had were taken in March. The windows were open in those pictures. I would like to be more helpful than that, Mr. Martel, but we will continue to monitor it on an ongoing basis.

Mr. Martel: I want to go to isocyanates again. I raised the matter of Crothers the other night and the fact that the company was selling materials

without warning the purchasers that the materials were hazardous.

About a year ago Bob Rae raised the matter of the Inglis plant workers at Stoney Creek and the fact that they were being exposed to isocyanates. One of the workers who had been exposed was named Judy Friend. As I looked through the file yesterday, I was quite amazed by two things. First, there was the fact that the ministry never zeroed in on Inglis in any real way.

Perhaps you can find out for me how many workers are now sensitized and how many are in receipt of workers' compensation benefits. My list says there are about 20 or so who are sensitized. I have a list of names indicating this, but I would like to know how many. I would like an update. My list goes back some time.

I am told that plant is still in operation, despite the isocyanates. There are at least five people who have claims, seven, eight or 10 who are borderline. Some were told they should not work in the area and nothing has happened there. I am told the reason the ministry did not get too tough is the company was going to shut down, and yet it is still operating.

When my leader raised it with the ministry, the ministry said it did not feel it should intervene at this point, and it did not. It went in and told the company there were a few problems. I am not sure how many charges were laid.

I am not sure how many people have to get sick and die or how many people have to be sensitized to isocyanates for this ministry to move. It seems to be a hell of a lot, because how can one have so many workers—and I can give you the list—who have been severely damaged? The reason the ministry did not move on it, apparently, was that the company was going to close.

Mr. Goodman: No.

Mr. Martel: That is not true? Then what have you done with this company? It is crazy.

Let me give you the background on Judy Friend. This young woman has been sensitized and the compensation board sent her to Chedoke McMaster Hospitals to be assessed. Can you imagine that? However, once you become sensitized, my understanding is that you are not supposed to be exposed to isocyanates for any length of time. Am I right?

The compensation board sent her to Chedoke McMaster Hospitals, and the assessment was going to take place where they were making the prosthesis, and they were using isocyanates. Judy Friend did not want to go in there because she is already sensitized, but it was adamant that she be assessed there. She pulled a work refusal

and said, "I am not going in." She did not know what else to do.

The Ministry of Labour, in its wisdom, said: "You do not have that right to refuse. You are only going in for an assessment." Judy's argument was that she could not go in there because she was already sensitized; she was already on compensation. The ministry did some testing, and sure enough, there are isocyanates there. Why did it not protect her?

Again, it sent in a couple of doctors. Dr. Peter Pelmeur was involved in this one. She is not very happy with Dr. Pelmeur, nor is she happy with Dr. Bob Nosal. She has written the medical association, she is so uptight wanting to know why. It said she was not at risk, without even seeing it. Is that not wonderful?

10:50 a.m.

Mr. Whiz Kid determines there is no problem, except if you have been exposed to isocyanates you are not supposed to go in because you have been sensitized. Her doctor, Dr. Greenbaum, said she is sensitized to isocyanates. Here is the conclusion of the inspection:

"Ms. Friend was not a worker in a work place but attending the hospital as an outpatient. Therefore, subsection 23(3) of the Occupational Health and Safety Act does not apply." Whoop-de-do.

Dr. Nosal of the occupational health branch visited the hospital some time after. His conclusions subsequent to this visit are that Ms. Friend would not be at risk in attending the interview at the subject sites. You tell somebody who has been sensitized to it already and has serious problems, that sitting for maybe a couple of hours in that place is not going to bother her. Did we handle it carefully? I do not think so. Quite frankly, it is almost boorish in nature to tell some woman who is at risk that she is not.

What is bothering me about isocyanates is that you have been involved and been stung in I do not know how many places. You were stung a couple of years ago when the United Auto Workers came to me. These are all clippings; different stories of different plants.

There was the case of Trailmobile Canada Ltd. Do you remember that one? I remember it well. It was 10 years of nonsense.

The one that everybody, such as Stan Gray, is so uptight about is in Ottawa, the case of Maureen McMann. It concerned the Lord Elgin plaza in downtown Ottawa. Everybody said the woman was safe, including her supervisor. However, Stan Gray, when he did some digging, found out they were sealing the basement and the

sealant had isocyanates in it. Everybody said they were crazy; the woman was crazy; Gray, of course, was nuts in the eyes of the ministry. They thought Gray was a radical, irresponsible and everything else, but he was right.

There was the case of Camco's refrigerator plant in Hamilton. It says here, "Hamilton Woman Claims Firm and Union Kept Her in the Dark About Chemicals." They were isocyanates. It goes on and on. One can find many examples.

Do you people know how many companies use or sell isocyanates in this province? Do you have any idea? You used to think there were 165 or 170. It is up to 700 at least and growing. You have not found a way to cope with it yet.

If my friend Joe Flexer was right, and I am sure he is, the other night I raised the problem—

Hon. Mr. Wrye: Is this the case of Crothers?

Mr. Martel: Yes, this is Crothers. They are doing it in the middle of the floor and telling everybody it is safe. Then we have very serious problems.

You can go on and on. I will bet you for every one I raise there are 25 more out there we do not know about that are going on. The workers are handling this stuff and the vendor is not telling anyone how it should be handled, specifically. Working people are being exposed to it and we do not have a way of coping with it.

As I say, in the case of the Inglis plant, I was sure I was told it was going to be closed and that is why we were not pushing too hard, but maybe I am wrong.

Mr. Goodman: They are moving some of their operations to Toronto. I understand they are continuing foaming operations in the refrigerator doors.

Mr. Martel: Okay. We raised this some time ago and, despite the health problems encountered by the workers at Inglis, the Ministry of Labour is not following its own criteria. This is in a memo prepared by Mr. Rae: "In May 1983, Dr. House from the ministry found 6.6 per cent of the workers exposed at Inglis had isocyanate-induced asthma and that other cases could be predicted. In March 1984, after almost 20 meetings, visits and inspections at the plant, the ministry ruled that Inglis did not need to enclose the isocyanate operation to control exposure at the source."

Tell me how you arrive at a conclusion like that, with all kinds of workers, from your own testing, who have been sensitized to isocyanates and all kinds of compensation claims? Tell me how you arrive at a conclusion like that and have any credibility left?

"In making the decision, the ministry failed to consider four out of five of its own criteria. The ministry could not say which other similar work sites they had investigated or visited for comparisons of exposure levels.

"They have not costed engineering controls with respect to this area and give no information on the technical feasibility of enclosing the operation. If they do not adhere to their own guidelines, how can companies be expected to?" You ignored your own guidelines.

Somebody is going to have to tell me how workers who are exposed to this material end up being sensitized and yet nothing is wrong. Someone is going to have to convince me how that happens and there are no orders. We just go on. There are at least 20 compensation cases, I am told. Maybe somebody can explain it. I know I am pretty thick up here, but I want to know how that can happen.

I want to know how Judy Friend, after being exposed and sensitized, can be sent by the Workers' Compensation Board into a place where the isocyanates are present—and be adamant that she go there for the testing. This is the same co-operation we always see between the compensation board and the Ministry of Labour.

I say that with some sincerity. To digress for a moment, two weeks ago when we were at your office talking about the Allied Heat case, there was a fellow there from the Workers' Compensation Board, as we had requested. One of the workers was knocked out from electrical shock and one of your people was trying to find out if there was an onus on the employer to take the man to the hospital, because they did not.

The question the compensation board posed was, "When the man came to, did he ask to go to the hospital?" The insensitivity of the question blew my mind. Here is a guy who has been knocked out by electrical shock, brought around by mouth-to-mouth resuscitation, the employer does not take him to the hospital and the compensation board wants to know if he asked to go to the hospital.

Does one call it the height of stupidity or what? The man did not know which way was up for a while. What your staff and I were prodding for was what onus there was on the employer to get him to a hospital to be checked. We did not get the answer.

Then the question was asked, "Did the employee ask to go to the hospital?" One wonders about what goes on.

Anyway, you are going to find those things out for me about isocyanates and why Dr. Nosal says it is okay.

11 a.m.

Hon. Mr. Wrye: I would like to indicate now, because I know you want to carry on and our time is fairly limited, that what I propose to do tomorrow night is to deal in a substantive way with both the Crothers issue and the Inglis issue. We can have some extensive dialogue on both because they are important examples of the point you are trying to make. We owe it to you, to the workers involved and to this process to get into a discussion.

You have raised these, not as individual issues, and I do not believe that at the end of the day we ought to be dealing with individual issues. We ought to be dealing with them in terms of the policy and what they mean in the overall scheme of things. You and I may disagree on everything else, but we agree on that.

Mr. Martel: I am not interested in this becoming a cause célèbre. I want to show that when it comes to regulated substances, we have serious problems. That is what I intend to do with the rest of the cases. None of them is to dramatize anything except the failures or problems in the act. We can go through some. We will come back to that one tomorrow night. I will bring my file back.

I told you that I was going to tell you about a company—you will enjoy this—in which the owner is the president.

Hon. Mr. Wrye: I have been waiting for this.

Mr. Martel: William Cox is the owner-president of a company called Jancee Screw Products.

Hon. Mr. Wrye: Where is this located?

Mr. Martel: At 1723 Mattawa Avenue, Mississauga.

The vice-president is Mr. Ellison. There are 50 to 60 employees at Jancee Screw. The health and safety committee consists of, on the management side, the president and the vice-president and, on the workers' side, there is the president's son, Gary Cox, and the vice-president's son, David Ellison. Is that not a wonderful health and safety committee to represent the workers?

Pardon me if I am cynical, but by Jesus, for somebody up at the ministry not to get wind that there was absolute collusion, fraud, call it what you want, that the Occupational Health and Safety Act was being totally violated, it takes some doing not to realize that. The father and son would be working at loggerheads. The son is going to take the old man on to make sure the workers are protected. You believe that, do you not?

Hon. Mr. Wrye: Is the member saying this is not the 1960s any more? Do not trust anyone over 30?

Mr. Martel: Not at all. I could not believe it.

Hon. Mr. Wrye: Since the member raised this issue and I know we will be checking, have there been complaints either to us directly or to the inspector during any inspection as to, shall we say on the face of it, the questionable makeup of the health and safety committee?

Mr. Martel: The worker reps up at that plant hand out Industrial Accident Prevention Association junk, pamphlets, information.

By the way, I was wrong the other day. I was talking about associations getting money. The IAPA gets \$14 million this year, but the total combined group of associations gets about \$36 million this year, does it not?

Mr. Armstrong: It is more than \$30 million.

Mr. Martel: More than \$30 million, and the bloody workers get what?

Mr. Armstrong: Under the Workers' Compensation Act, there are no associations provided for in the legislation. The act speaks of industry associations.

Mr. Martel: Yes, I am well aware of that.

Mr. Armstrong: Under the revised statute, there is now a provision for funding organizations that are not industry associations.

Mr. Martel: Do you think you might find \$36 million for the trade union movement to look after the workers of the province, since industry gets \$36 million to look after industry? That would be fair, would it not?

Mr. Mackenzie: That makes sense.

Mr. Martel: I am told there are visible particles in the air at this plant. I will come to that in a moment. They used buffing compounds, which some up there consider a hazard, and ultimately these were discontinued. A coolant is used for cutting, which gives off a vapour mist. The noise levels, I am told, are extremely high because the plant is too small for the amount of equipment in it.

Guards are sometimes taken off at the request of the foreman to speed up production. The workers are told the guards are inconvenient. I guess so. The machines are loaded while running, which is a definite hazard. The woman I spoke to claims there is faulty electrical equipment; the wiring is stripped and the settings become inaccurate. There are far too many machines in too small a space. The company

supplies components to computer companies such as Xerox.

One final point: I understand they literally work hundreds of hours of overtime without permits. Maybe we could have all that checked out and find out the last time it was inspected, what was discovered and how much space is allowed per machine. This ought to make interesting reading.

Hon. Mr. Wrye: Will tomorrow night be soon enough?

Mr. Martel: Oh, yes, that would be lovely. I thought you would like that one.

I want to talk next about Frank Stilson, who works for Robert Hunt Corp. in London. Frank Stilson is a troublemaker, by the way. He makes all kinds of trouble for the company. This is how a company can get at a guy who is a troublemaker. You get rid of him; you demote him. He has had it all happen to him.

This started way back in 1982 and is still not resolved. The first stage of an Ontario Labour Relations Board hearing was held here in Toronto six or seven weeks ago. The company wanted this hearing taken out of London. My assistant showed up at the hearing downtown and so the company does not want it here anymore because we might disrupt it. I think that is the term being used.

Again, it is air. The issue about air in the plant was first raised at a meeting of the joint health and safety committee on November 15, 1982. It involves carbon monoxide, a colourless, odourless, tasteless toxic gas with no warning properties. The ministry's recommended standard is 35 parts per million. The worker who tried to make the company improve the air quality was disciplined three different times for his action and that is Mr. Frank Stilson. He first raised it on November 18, 1982.

Hon. Mr. Wrye: What union is involved?

Mr. Martel: It must be the United Auto Workers. I will find it for you; I have lots here.

Let me tell you about the basic concern. The issue was raised about air in the plant. Frank Stilson, the alternate health and safety representative, was in attendance. The minutes show, "The following concern has been expressed about the blue haze around the lights throughout the complex."

On May 17, 1983, four or five months later, the ministry came into the plant to do comprehensive testing for carbon monoxide. The tests show very high levels. Out of 16 areas, 14 are over the limit for carbon monoxide of 35 parts per million. On May 18, 1983, the ministry issued an

order. On May 24, 1983, the ministry came back to retest the plant. It was a morning visit and the plant manager advised the ministry that the Varsol vapours would be stronger because they cleaned all weekend.

On July 21, the Ministry of Labour issued a report on the company's problems. They said the ventilation was not adequate and that it was unlikely the changes the company had made would bring the carbon monoxide levels under control. There is a lengthy report. I have parts of it.

11:10 a.m.

On September 12, 1983, a Ministry of Labour inspector visited the plant to follow up on the order, which had not been complied with. The ministry inspector demanded an assessment from the company by September 30, four months after the original order was issued. That would show the carbon monoxide level in the plant was at an acceptable level.

October 3, Robert Hunt Co. produced a report from Enviroclean, a consulting company, a division of McLaren Plansearch Inc., showing that all carbon monoxide levels are at five parts per million or below in 11 different locations. That is convenient. What would happen if they opened the windows or the doors on that occasion? During the period, the complaints continued to be made by workers who suffered from nausea, eye irritation and headaches, all symptoms of carbon monoxide poisoning.

October 7, 1983, the Enviroclean report was presented to the health and safety committee.

January 5, 1984, the two union health and safety representatives presented an alternative report on the air problems, prepared by Frank Stilson. They did not believe the result of the consultant's report and they raised the issue of carbon monoxide levels once again.

January 9, 1984, four days later, Frank Stilson received his first suspension. Yes. We have gone almost a year and a half now from the beginning.

Hon. Mr. Wrye: Just to clarify the chronology here, and we will be finding this out, is there any indication in your chronology that once the company reported in early October 1983 that the order presumably was in effect, did it report that the order had now been complied with?

Mr. Martel: No.

Hon. Mr. Wrye: Is there any indication of additional HB testing?

Mr. Martel: I am not certain.

Hon. Mr. Wrye: Okay, carry on.

Mr. Martel: October 7, 1983, Enviroclean reported. January 5, 1984, the union says it is crazy. January 9, 1984, Stilson is suspended. January 16, 1984, the Ministry of Labour visits the plant again. In the report of this visit the ministry accepts that the company has complied with its orders to clean up carbon monoxide. However, even the ministry makes reference to the fact that, and I quote, "It is difficult to explain such low readings even during the summer months because the present survey of a 14 parts per million reading was obtained within 30 minutes of the start of the shift." They were suspicious.

The ministry again tests the level. The levels were taken again on Monday morning when the fumes are likely to be at their lowest. The ministry finds 14 parts per million when the shift is just starting. However, it managed to get readings of only three to 26 parts per million average over the day. The levels in the afternoon are as high as 50 to 60 parts per million.

Hon. Mr. Wrye: This is on additional testing?

Mr. Martel: Right. The ministry does not issue orders at 60 parts per million, but comments that the company should expedite its program for additional ventilation in the present warehouse.

March 13, 1984, Frank Stilson went to the health and safety committee meeting to complain that the air was still a problem. At the meeting, the management representative got angry with Frank, accusing him of firing up the workers; he is a troublemaker, obstreperous.

April 8, 1984, Stilson wrote a letter to the joint health and safety committee telling the committee that the workers were still concerned about carbon monoxide and asking permission for the union to initiate a questionnaire on the problem. Frank was asked after the March 13 meeting to submit the names of workers who were concerned, but the workers were reluctant to give their names. I guess so.

April 17, 1984, Frank was suspended for the second time, just a little more than a week after the health and safety committee meeting, for a common transposing error. He was given a five-day suspension for carelessness. After this, the work procedures in his department were changed so that this type of error was less likely to occur.

April 24, 1984, Frank registered a complaint with the Ministry of Labour under section 24. May 1, 1984, Ministry of Labour inspector Al Brown visited the plant to check into the reprisal. The ministry representative told Frank it was his

responsibility to prove that he was being suspended for his activities in health and safety. There is a real winning point, that one has a chance of proving that and it is up to the worker to prove it. I am not sure how one does it.

Hon. Mr. Wrye: Was there a grievance filed on the first suspension?

Mr. Martel: Yes. It is all being fought by the union. It is now before the Ontario Labour Relations Board.

Hon. Mr. Wrye: So I have a greater understanding of the chronology, the January suspension was for how long? I assume it was for one day or three days. Three days?

Mr. Martel: Yes.

Hon. Mr. Wrye: Is it that or is it the whole shooting match that is now the subject of the OLRB hearing?

Mr. Martel: It is the whole shooting match.

Hon. Mr. Wrye: Okay. Keep going.

Mr. Martel: May 24, 1984, Larry Strickland, the Ontario Labour Relations Board assessment officer, visited the plant and tried to talk Frank out of his complaint, saying section 24 usually relates to work refusal.

June 1, 1984, Frank is demoted to a lower classification, losing 85 cents an hour in pay. He is assigned as a driver's helper in an area of the plant where workers are required to work more overtime than anywhere else.

They now have a hearing. The first part of the hearing, I guess, was in October. It has taken almost a year, for a variety of reasons. The company did not want the hearing in London. It wanted it out of town. Now it does not want it back in Toronto. It is an interesting situation. What drives me crazy about it is that again it is carbon monoxide, again the levels are exceeded, again the workers are at risk, and there is intimidation.

Let me see, the last notes I have, December 17, 1985, they transferred him back to the Whiteoaks plant. I am told the air is still bad and they are working far too much overtime. The bad air is caused by Varsol and heat from the ceiling. Also, the dip tanks containing mercury and Varsol give off vapours and should be contained in a room for 24 hours to set.

Dr. Sullivan, an occupational health consultant, has done a study on the air and the report should be available in early 1986. Is this not strange? This whole process started back in 1982. Frank feels the air problems could be solved if there was a will.

Overtime—and this is the problem, directly related to the number of accidents. From June to December, it is estimated there were 100 accidents in that plant. In one month alone, 22 working days, there were 22 accidents.

Hon. Mr. Wrye: How many people are in the plant?

Mr. Martel: Maybe 200, but I could be wrong.

One questions how something like this can go on for four or five years. How does it go on and on? No wonder the ministry cannot get anything done. Maybe under the minister's guidelines or instructions it will get cleaned up and get cleaned in a hurry or someone's head will roll. To be involving inspectors over and over, with orders not being complied with and workers being threatened and jeopardized—what functions in that place? This is what worries me. There does not seem to be any limit or any time constraints on these things. They just go on for ever without resolution. Do not tell me that after five years of a carbon monoxide problem or whatever problems

are in there, we are still waiting for a report early in 1986.

Hon. Mr. Wrye: On the face of it, there is a difficulty and there is no doubt in this minister and this government's mind that these are exactly the issues we intend to attack with the new orders policy and with what flows out of them in terms of prosecutions. There is no doubt that we do not have or would never have enough inspectors to go to every work place in Ontario. One of the things that has to happen is that when we run into a difficulty, we have to resolve it quickly to protect workers.

With your indulgence, we will address the last two issues you raised, the one in London and the plant in Mississauga, Jancee, which is an issue of health and safety committees and how they get formed, tomorrow night as well. I think they are important issues.

Mr. Chairman: As agreed by the committee last night, we will now adjourn and reconvene tomorrow night at 8 p.m. in committee room 1.

The committee adjourned at 11:21 a.m.

CONTENTS

Wednesday, December 18, 1985

Adjournment R-619

SPEAKERS IN THIS ISSUE

- Laughren, F., Chairman (Nickel Belt NDP)
- Mackenzie, R. W. (Hamilton East NDP)
- Martel, E. W. (Sudbury East NDP)
- Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:

- Armstrong, T. E., Deputy Minister
- Goodman, B., Executive Director, Occupational Health and Safety
- Pathe, V., Assistant Deputy Minister, Industrial Relations Division



No. R-27

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Labour

First Session, 33rd Parliament
Thursday, December 19, 1985



Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 19, 1985

The committee met at 8:07 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2504, ministry administration program; item 1, main office:

Mr. Chairman: The committee will come to order. The last time we met, we agreed to deal with all the votes and to pass the required votes within the estimates at the conclusion of tonight's committee. The minister wishes to go to the chamber later on. Mr. Martel, you might want to be part of this decision.

Mr. Martel: I heard you.

Mr. Chairman: It was not evident. You might want to be part of this decision because the minister would like to go to the House to make a few comments at the beginning of second reading of the Workers' Compensation Board bill, which we think will be debated this evening.

What are the wishes of the members of the committee? Do you wish to carry on with your comments with the deputy and other important persons while the minister is in the House? The minister will then come back to hear the remainder of your comments. Is that acceptable to the critics?

Mr. Gillies: I have no problem with that, except that I will also be going to speak on the WCB bill and I know Mr. Martel is upset about that.

Mr. Chairman: The alternative is to adjourn while the minister is up there. It is entirely up to the members. Which do you wish to do? Do you wish to adjourn while the minister is in the House and all go to hear the second-reading speech of the minister or do you wish to carry on while he is up there?

Mr. Martel: I would like to carry on.

Mr. Gillies: Keep going.

Mr. Chairman: By the way, part of these estimates includes the supplementary estimates for the office of the worker adviser, so you are aware that is appropriate in these estimates.

Hon. Mr. Wrye: With your indulgence, we are a little backed up here. I would like to start into responses to Mr. Gillies and Mr. Martel. We

may be able to get into more issues. I know Mr. Martel is anxious.

Mr. Martel: I have 12 more cases.

Hon. Mr. Wrye: I know. I want to say at the outset, I do not want to forget this, Elie, that I understand a new road show has been formed for February and March, or is it March and April? I have come up with a title already: Still not healthy, still not safe, but getting better.

Mr. Martel: That is questionable. Are you coming with us?

Hon. Mr. Wrye: Does Mr. Gillies have a couple of questions on worker advisers? I gathered he did. If not, we could perhaps get right into some of the replies and discussions on the many items that have been raised on occupational health and safety. May we do that? Otherwise, I am afraid there are going to be a lot of items we will not get to.

Mr. Chairman: Why do we not do that? In the meantime, Mr. Arnott is distributing comments that Canon Purcell had made which the committee members had requested earlier this week when he was here. Go ahead.

Hon. Mr. Wrye: Let me start with replies to some of the issues raised by Mr. Gillies.

Regarding the report of the Ontario Task Force on Health and Safety in Agriculture, and I am not going to read all the material, suffice it to say that the accident statistics are quite disturbing. The key threshold issue is the proposal by the task force that a new agency be developed by the Ministry of Labour and the Ministry of Agriculture and Food to develop and administer legislative initiatives, training programs and data collection.

We are already actively studying the proposal as to whether we think the agency is justified or desirable. However, given the accident statistics, which as I said are quite disturbing, we clearly have to move quickly in this field and the review is on a fairly short leash. We are not going to be ready for some time, but it is not going to be legislation that will come forward six years from now.

On the orders policy, engineering controls: I am not sure if Mr. Gillies's problem was that he wanted to have safe and healthy work places but did not want to spend a lot of money doing it. In

terms of education, rather than go through all this, in regard to the new orders policy and prosecution policy, we have distributed 17,000 copies of the November 21 statement on section 145 of the orders policy.

They were sent to selected businesses, unions, associations, educational institutions, libraries, joint health and safety committees—every one in the province—municipalities, hospitals, construction labour-management committees, fire departments and police forces. I hope there will be an understanding in the community at large as to what we are about. Given a distribution of 17,000 and wide media attention, I do not think there is going to be any excuse for an “I did not know about it” concern.

Mr. Gillies: Somewhere in this mountain of paper, I asked you about a company that was being prosecuted in Tillsonburg. Does that ring a bell?

Hon. Mr. Wrye: Are you about to get to Hoover Ball and Bearing?

Mr. Gillies: Yes.

Hon. Mr. Wrye: Next, Hoover: As you perhaps know, the company has been charged by the ministry, under subsection 26(2) of the act, with failure to report occupational diseases to the joint health and safety committee. The most recent court appearance took place on December 3, a couple of weeks ago, and a trial date was set for April 17.

Finally, a progress report on the rockburst research project: The project commenced in September of this year. Funding is provided equally by the federal and provincial governments and the Ontario mining industry. The province is supplying about \$1.5 million of sophisticated equipment and services to study the phenomenon of rockbursting with a goal of enabling the accurate forecasting of rockbursts in mines.

In addition, the provincial inquiry into ground control and emergency preparedness set up after the tragic Falconbridge disaster in 1984 is almost completed. I expect a report from Mr. Stevenson and the committee early in the new year. I promise as early a review as our overworked officials can muster. It is a very important issue; I do not need to tell that to anybody in this room.

Both Mr. Martel and Mr. Gillies asked for a status report on the development of designated-substance regulations. Not only the critics but also all members of the committee have been given a report setting out the current situation in respect of all the substances.

Mr. Gillies: May I just ask you one more question on that subject? There was a rash of newspaper articles a while back about possible ill effects from aluminum, of all things. Are you looking at that?

Hon. Mr. Wrye: I will ask Dr. Robinson or Brian Goodman.

Dr. Robinson: I am afraid I missed part of your question. Was it in relation to aluminum?

Mr. Gillies: Yes. I have seen in some newspaper articles, and it is quite surprising to me, that if aluminum, one of the most common substances on earth, finds its way into the bloodstream, it has been found to have some ill effects. I wondered if you were looking at that.

Dr. Robinson: I believe the reports you are referring to relate to the finding of excess aluminum in the blood in relation to Alzheimer's disease.

Mr. Gillies: Yes.

Dr. Robinson: This is the senile dementia. There is some speculation as to the origin of the aluminum, whether it is from cooking pots and so on.

In the context of an occupational health problem, I have not seen any reports to suggest there is a serious problem and we have not yet turned our attention to it. Be assured that nothing will escape me.

Mr. Martel: We talked about the problem of aluminum dust in the masks that were required to be worn in the gold fields. The concern expressed by Dr. Muller was that the masks might have been one of the agents responsible for the numerous cancer deaths in the gold mines.

Dr. Robinson: Yes, there was the use of an aluminum prophylaxis at one time as a prophylaxis against silica exposure. I am aware there was some doubt about the usefulness of that.

Mr. Martel: The steelworkers now believe it caused more cancer than it prevented silicosis.

Dr. Robinson: I have seen that allegation. I am not sure that I have seen any data to suggest there is a causative relationship.

Mr. Martel: If we could get the same amount of funding in the trade union movement as the \$36 million the accident prevention associations have this year, they could do some research into that field, could they not?

Mr. Armstrong: Just before we leave the aluminum prophylaxis issue, that issue arose three or four years ago and the Advisory Council on Occupational Health and Occupational Safety

commissioned a special study. It reported—I do not have it here, but that is a matter—

Mr. Martel: Two years ago.

Mr. Armstrong: Two years ago, was it?

Mr. Martel: Yes, but it is now being questioned by the steelworkers. They happen to believe now that it is responsible or has a role in the number of fatalities that have occurred among miners.

Mr. Armstrong: My recollection was, I may be wrong, that it was discontinued.

Dr. Robinson: Yes.

Mr. Martel: Yes, it was discontinued but the concern is that it might have been a major contributing factor in lung cancer, particularly in the gold fields. There is a high mortality rate in the gold fields and they are not sure it is silica dust. The steelworkers are still maintaining those masks are responsible or partly responsible for the fatality rate.

Hon. Mr. Wrye: I ask this as a question. I am not sure whether we checked and I do not think I have it in my notes. The deputy may wish to comment on the status of the safety associations and their fund of money. Those safety associations are handled, as I remember, by statute through the act, are they not?

8:20 p.m.

Mr. Armstrong: We touched on that the other evening. The budgets of the safety associations are subject to the approval of the Workers' Compensation Board. The figure you quoted, and I cannot be precise about it, is that more than \$30 million is now being spent on the safety associations.

We have had several reports on the associations. Weiler dealt with aspects of them in his second volume, and Fraser Mustard in one of his reports when he was chairman of the advisory council.

There is general agreement that one of two or perhaps three things should happen. First, the budgetary control and the monitoring of the activities of the safety association should be—how shall I put it?—closer, or the associations should become jointly administered by labour and management.

According to my recollection, a recommendation that was made by Burkett in his report was that the mining safety association should really have joint labour and management representation on the board of directors.

Mr. Martel: As the member for Scarborough-Ellesmere (Mr. Warner) would say, that is like putting the chickens in with the fox.

Mr. Armstrong: You may be right. That is kind of a counsel of despair. In a perfect world it would be nice to think that was possible but maybe we are a little far from that solution. Speaking for myself, it would be desirable.

Mr. Martel: You mean that anything is better than nothing.

Mr. Armstrong: No, it would be desirable if health and safety matters could be dealt with on a co-operative basis. It may be unrealistic.

The third possibility would be taking advantage of the new provisions of the amendments to the Workers' Compensation Act—and I think this is your suggestion, Mr. Martel—to provide a degree of funding to labour alone that would start to approximate the amount that is being supplied to industry. Those are the solutions that have been publicly discussed.

Mr. Gillies: We cannot be satisfied with the current situation.

Mr. Martel: The \$36 million is almost to zero.

Mr. Gillies: Is it \$36 million versus \$500,000?

Mr. Martel: Not quite.

Hon. Mr. Wrye: I have only a vague recollection of this issue. My friend the chairman may also recall. I think we had some discussions in the 1982-83 or 1983-84 review of the Weiler report and the white paper. It seems to me there was some agreement on the opposition side of the committee that we might begin to move in the direction of additional funding for labour.

Mr. Martel: How long is it going to take?

Hon. Mr. Wrye: I will get to that. There was a lack of agreement on the side of the committee from the government of the day.

It may well be that this is an issue that the new corporate board might address because of where the funding will come from. I hope it will not come from government. The ministry does not have \$2 million, \$3 million or \$4 million to spare, I can assure you of that. There seems to me to be a lot of money out there and there is some question as to how effectively and how usefully it is being spent.

Mr. Martel: I could not help but be impressed by what Mr. Armstrong said. He said, "The budgetary control rests with the Workers' Compensation Board." Baloney. They submit the bills and the compensation board pays the bills and there is never an audit. Tell somebody to put control somewhere. There is no control.

If you want the money, cut it in half. They have \$36 million. Give half to labour, if you do not have your own petty cash fund, and half to industry. They have nine associations that share \$36 million.

Hon. Mr. Wrye: I do not think I have it. If you have checked in the middle of these ongoing, important policy discussions, \$18 million would approximate one quarter of the Ministry of Labour's budget.

Mr. Martel: I understand that. That is why I am saying you should cut the budget. The WCB foots the bill to the tune of \$36 million this year and nobody is accountable for anything.

Hon. Mr. Wrye: It is an important issue that we could look at seriously.

Mr. Armstrong: There is another aspect to it. Mr. Martel identifies an extremely important and troublesome area. Safety education has to be one of the key issues in this whole field. If \$36 million is the accurate figure, and I am prepared to accept it as I do not have the figures before me—

Mr. Martel: Give or take a buck.

Mr. Sheppard: Just a buck?

Mr. Armstrong: That is approximately the amount of money. None of us has yet mentioned the creation of the new Occupational Health and Safety Education Authority by the board. You may remember that body was created in July 1984. It is headed by Robert Bucher and has Stewart Cooke, formerly of the United Steelworkers of America, and John Ridout.

The function of that new body is to do precisely the kind of thing you are talking about. It is to bring a degree of accountability, not only in a financial sense but also operationally, and to make a realistic assessment as to whether this very substantial amount of money is being spent for the purposes for which it is earmarked; namely, to improve the health and safety record of enterprises in the province.

Mr. Martel: I hear that a lot of it is spent on travel, on taking your wife or husband, with six or eight couples at a time, and going down to New Orleans and all sundry places across the world.

Mr. Gillies: I do not want to give my friend the member Sudbury East (Mr. Martel) a coronary arrest, but in large part I agree with him.

Mr. Martel: You just did; you did me in, Mr. Gillies.

Mr. Gillies: The minister says quite rightly that it would be difficult to come up with some millions of extra dollars. This may be one of the areas where the good socialist principle of the redistribution of wealth might in large part take care of the problem. As the unions often are among the first groups to express concern about occupational health and safety matters, it would make sense to give them a good chunk of the money so that, rather than go through some bureaucratic chase of trying to get someone else to come up with the answers they are looking for, they would be in a position to come up with the answers themselves.

Mr. Martel: That is right; so that they can do the studies. Industry might save a pile of money someday when it realizes the only way to cut its assessment for the Workers' Compensation Board and the whole business is to reduce the number of accidents and illnesses.

Hon. Mr. Wrye: It is nice to have this new degree of unanimity.

Mr. Barlow: Not total unanimity.

Mr. Chairman: Almost an accord.

Mr. Armstrong: May I finish the explanation of the structure? It is important for the record and in fairness to those who have been working on the problem to get a complete picture. Perhaps Dr. Robinson can speak to it more fully than I.

In addition to the three-man authority, which is the day-to-day, full-time operating and monitoring body, there is a body called the Joint Policy Review Board, comprising six representatives of organized labour and six representatives of management, to which the Occupational Health and Safety Education Authority is accountable. I cannot give you the names of all the members of the labour representatives on the board, but the president of the Ontario Federation of Labour is one of them and there are other senior members of the organized labour community. They meet on a monthly basis to hear reports from the authority as to its monitoring activities.

8:30 p.m.

The authority has been in existence since July 1984. The Joint Policy Review Board came into existence in October. I am not in a position to say whether it is an adequate mechanism for monitoring and ensuring that expenditures are prudent and effective. I believe it is a substantial advance over the generally free-wheeling, lack-of-accountability system that has characterized the system for most of the time you and I have been around.

You touch on a very important issue when you say funds of this magnitude have to be very carefully monitored. Although it comes out of the accident fund and is an industry assessment, it is still authorized by statute. If funds are not being expended to the maximum effective purpose, we should rely quite heavily on the authority and the joint review board to recommend they be expended otherwise.

Hon. Mr. Wrye: As can be seen from the degree of support we have heard from both critics, the issue is worth while and we have begun looking into it. It has come up a number of times in the estimates. We will review these matters thoroughly and with vigour.

Mr. Barlow: Perhaps I can get a word in edgewise. I understand this \$36 million or whatever it is to fund some eight, 10 or 12 employee safety associations. It is money taken from the pool of funding that comes in from the employer groups.

Having been involved on the board of directors of the Transportation Safety Association of Ontario a number of years ago, I feel the money is spent rather prudently and for the purpose for which it is set up. It certainly is by that association, which is the only one for which I can speak. If the money is to be taken away from the safety associations and if it is a continuation of safety training on behalf of the unions, it would have to be a joint decision, a committee decision. It is the employers who fund those associations.

Mr. Martel: Bull.

Mr. Barlow: Where does the money come from, Mr. Martel?

Mr. Martel: Who made the profit for them in the first place so that they could pay?

Mr. Sheppard: The employees.

Mr. Barlow: You know how they are paid.

Mr. Martel: You should read Paul Weiler's report.

Mr. Barlow: You know how the employers are assessed. The employers are assessed so much per hundred dollars out of a payroll.

Mr. Martel: That is right.

Mr. Barlow: Profit or loss, it still has to be paid.

Mr. Martel: It is \$36 million so they can spread their phoney propaganda and do nothing to help reduce accidents and illnesses in the work place. It is a big boondoggle.

Mr. Barlow: If \$36 million is not required, I am sure any employer would be glad to have it deducted from his annual assessment.

Mr. Martel: I give you fair warning: In about a month I am going to give you the low-down on this whole nonsense. In about a month I will give you the low-down on one of the associations you talk about with such ardour and passion.

Mr. Barlow: I only know about one.

Mr. Martel: They are not accountable to anyone. My understanding is they go to the Workers' Compensation Board, submit their bills, the board pays the bills and that is the end of the accounting.

Mr. Barlow: Are you suggesting they do not operate on budgets?

Mr. Martel: That is right. I am told they do not operate with budgets. The bills are simply paid for them. I am trying to verify that.

Mr. Barlow: I do not know. I am asking the question.

Mr. Martel: The deputy minister or the minister might find out for me.

Mr. Barlow: For both of us.

Hon. Mr. Wrye: We are finding more interesting things every day.

Mr. Martel: That is right.

Hon. Mr. Wrye: You and I may know some interesting things jointly.

Mr. Sheppard: I would like to hear a comment from the minister or the deputy minister in regard to this point.

Hon. Mr. Wrye: You mentioned money. Mr. Goodman has a little additional information the committee should know with respect to possible funding for the labour movement.

Mr. Goodman: I was meeting on another matter today with Mr. Cooke, the labour representative on the Workers' Compensation Board's Occupational Health and Safety Education Authority, and indicated you had raised this matter during estimates. He is aware of it.

He indicated the Ontario Federation of Labour has been funded for the month of December by the authority. Its current submission for this calendar year now is before the authority. We will see how they deal with it. He did not indicate how much it was or how much they were asking, but he did indicate it was substantial. I do not know what it is, but I guess we will have to—

Mr. Martel: Just split it in two—

Hon. Mr. Wrye: We are making progress.

Mr. Martel: —half for labour and half for management.

Mr. Barlow: In terms of the purpose it is set out to serve, improved safety training, does it

matter who spent it? I do not think you would get much kick if it were going for the purpose of improving the safety training of workers in industry.

Mr. Gillies: It is a hell of a good idea and the sooner the better. What could be fairer than to split the pie in half?

Mr. Martel: I can hardly wait to deliver the cheque to them. You and I, Billy.

Hon. Mr. Wrye: I never cease to be amazed by you, Mr. Martel. We have made great progress on this issue.

Let me turn to the first of the issues you raised, Elie. There are so many it is hard to know where to start, but let me give it a try by talking about the impact of the act on work-place injury and accident statistics. I want to put some of this on the record because these are interesting statistics. If you want some of the forms, they are right here.

The tables published each year by the Advisory Council on Occupational Health and Occupational Safety indicate that contrary to your assertion that there has been an increase in work-place accidents and injuries, there has been a decrease in Ontario between the years 1973 and 1983. I guess those are the last statistics we had available in putting this together.

For example, the compensated-work-injury frequency rate per million man-hours—it says “See attachment 1” and I have that if you would like it—from major industries in Ontario from 1973 to 1983 shows a decline from 28.72 to 25.66.

Mr. Martel: Wait a minute. Do not let them catch you in the trap. In that period, the rate of unemployment increased very significantly. One of the reasons they have had fewer and less serious accidents is that the younger workers have been laid off and the older workers remain on the job. Did they prove that in the statistics they prepared for you?

Hon. Mr. Wrye: That is per million man-hours. It is not based on unemployment. It may be anecdotally interesting that younger workers being off and older workers still being there means they would naturally drop. I would rather think that, for example, the ability of injured workers to receive compensation probably improved in that 10-year period.

For the mining industry, the decline is from 49.92 in 1973 to 45.44 in 1983. In the construction industry, the rate dropped from 60.72 to 49.55 and in the manufacturing sector from 33.79 to 30.51.

Mr. Martel: Can I ask you a question?

Hon. Mr. Wrye: Yes, sir.

Mr. Martel: Does that include illnesses?

Hon. Mr. Wrye: It is the compensated-work-injury frequency rate per million man-hours.

Mr. Martel: What I used in my statistics that you do not include is the industrial diseases that occur, so relatively few are compensated—

Hon. Mr. Wrye: By and large we are getting into injuries. I agree—

Mr. Martel: Injuries and illnesses.

Hon. Mr. Wrye: That is right. I am dealing with injuries only and that may be another matter.

Mr. Gillies: You used the term “major industries.” What about smaller businesses, smaller industries, smaller work places that are less likely to have a safety committee?

Hon. Mr. Wrye: I will get to safety committees. Let me use some of the other statistics because this is not the only one.

Stats from the federal Department of Labour, comparing provinces by experience and benefit payments arising from work injuries per 100 workers over the period 1972 to 1981, showed that the number has fallen by 20.6 per cent in Ontario over the period, the greatest decrease in work injuries for any Canadian jurisdiction. It says, “See attachment 2,” and if you would like that you can have it as well.

Mr. Martel: I would like to know what those percentages mean.

8:40 p.m.

Hon. Mr. Wrye: Not only has the number of work injuries in Ontario fallen, but the statistics also indicate that the number of work-place fatalities has declined. I indicated as I reviewed it that my view is that work-place fatalities can go up and down quite regularly. In 1980, the number of fatalities was 225, and in 1983, the number of fatalities was 171; 0.03 fatalities per million man-hours worked.

With the exception of agriculture, no sector has experienced an increased fatality rate per million man-hours worked. The mining sector saw a decline over this period from 0.74 per million man-hours worked to 0.26 per million man-hours worked. The rate for forestry fell from 0.61 to 0.49. That clearly indicates the real danger of that industry. It indicates some improvement, although not enough.

Mr. Martel: How many fatalities were there in Ontario in mining last year?

Hon. Mr. Wrye: The decline was from 0.74 per million man-hours worked to 0.26; in other words, it was almost a 200 per cent decline. Given that the number of fatalities overall is 0.03, and that in mining it is 0.26 and in forestry 0.49, the statistics—

Mr. Martel: What does all that nonsense mean? Give us some numbers. Tell me how many people got killed in mining last year.

Hon. Mr. Wrye: Hold on, my friend. You made a point and I listened patiently. The only point we are making, and this is not meant to be—

Mr. Martel: You are quibbling with the figures.

Hon. Mr. Wrye: No, I am not quibbling with the figures. I am quibbling with this: You started out by saying that there has been no impact on injury and accident statistics. That was your statement, not mine.

Mr. Martel: Right on.

Hon. Mr. Wrye: You seem to suggest there has been no improvement. The statistics do not back you up.

Mr. Martel: I am sorry. My figures differ from yours. I have talked to two different people, both university law professors, who calculated it. Their figures, using other studies, are somewhat contradictory.

Hon. Mr. Wrye: That is fine, but this is from the seventh annual report of the advisory committee and the other is the federal Department of Labour. I think it is important that some of these numbers be put on the record.

Mr. Martel: Tell me it is nirvana.

Hon. Mr. Wrye: It is not nirvana; you and I know that. I am not going to come in here and agree with everything you say. I think you would be disappointed if I did. I am going to attempt to provide some reasonable explanations. We will agree to disagree on a lot of points, but there is another side and I may be right and you may be right.

On resources, there was a suggestion—I am sorry if I am bouncing around a little.

Mr. Martel: Go ahead.

Hon. Mr. Wrye: There was a suggestion that we lack the resources to enforce the act rigorously. You made a comparison between the number of inspectors and police officers. I understand the comparison you are trying to draw. It is an interesting one. My view is that it is a useful one to put on the record. Whether it is apples and oranges is not important. The point you were trying to make is that this is a very

important field. It is an interesting one for all my colleagues in the Legislature and for my cabinet colleagues to consider.

Mr. Martel: Can you tell how many Ontario Provincial Police officers there are in the province?

Hon. Mr. Wrye: Let us get to whether we are going up or down. The government has been in office for a little less than six months. Since we took office, we have secured additional resources through the Management Board of Cabinet for 12 additional inspectors, four occupational health professionals and seven positions for designated-substances enforcement.

Mr. Martel: Not nearly enough.

Hon. Mr. Wrye: Before you say it is not enough, the total is 23 and it is an improvement in a situation where there are huge pressures on the government from all directions. I am not complaining about that. It will always be the same.

Mr. Martel: You have 280 inspectors. There are 450,000 accidents per annum, roughly. How many Ontario Provincial Police are there in the province to protect the public?

Hon. Mr. Wrye: I do not know. I can assure you, and I do not always expect to win, but in terms of a need for additional resources, you and I do not disagree. I do not know whether that number is 20 or 200 or 2,000, but there is a need for additional resources. It is my job to convince my colleagues, to make a strong enough presentation that my colleagues will see the need for additional resources. I give you that commitment.

I hope when next we come back here about a year hence, we will be able to show you some upward movement. The fact is that there have not been many additional resources put into my ministry over the last few years. Speaking in general terms, in talking it over with my officials, my sense of it is that not a lot of those resources went into the front-line work, whether it is in occupational health and safety, in employment standards or in the Ontario Human Rights Commission. We talked substantially about this with Mr. Mackenzie the other night.

Clearly, what we have done here, what we have done with the human rights commission, indicates that this government is putting resources in the front lines where I think we need them. We may end up quibbling about the number of people, perhaps even arguing a lot, but the additional resources this government has, which I have obtained from my colleagues, are going

where they ought to go, to the front lines where we need them.

Mr. Martel: Change the act and give the workers control, and you will not need any more.

Mr. Gillies: Mr. Chairman, that is a new issue. To the minister—

Mr. Martel: You have not got the funds, and you are not going to have the funds to hire the number of people you are going to need. There is a solution. Change the act, and give the workers control of their work place.

Hon. Mr. Wrye: I have heard the point of view placed by the honourable member before. I have heard some points of view placed before me by the federation. We are currently reviewing the internal responsibility system, and you and I do not want to get into that debate.

Mr. Gillies: To the minister, if you should need any more encouragement on moving on the agricultural sector, and you alluded to the accident rate yourself, I have some figures here that are really startling. I hope you will remember this when you move on it.

In the last 10 years there were 458 farm-related fatalities in Ontario. Of the 458, 84 were children under the age of 15 and 37 were children under the age of five. Last year there were 3,058 lost-time injuries on the farms, and 50 farmers died last year.

Hon. Mr. Wrye: I am going from memory, but it seems to me there was a commitment made in 1980, just after the act came into effect. Agriculture was excluded and the commitment was made in 1980 to look at what ought to be done about agriculture. It took three years to set up a task force, and that was the kind of urgency with which this problem was handled.

It has just reported. In fairness, I ask for a couple of months. It took the previous government, and I know you were not responsible for it—but since the promise was made to look at it about five and a half years ago, it took five and a half years to get the report. I would like a couple of months to look at how we will respond to it.

Mr. Martel: We have to remember—

Hon. Mr. Wrye: It is an enormous tragedy, particularly the fact that so many of the farm fatalities, and I assume the serious injuries are in the same category, are of young children.

Mr. Martel: Was it not the present Minister of Agriculture and Food (Mr. Riddell) who led the attack against including farmers under the act?

Hon. Mr. Wrye: You have been here a long time and I was not here at that time.

Mr. Martel: I was there.

Mr. Sheppard: Are you talking about Jack Riddell?

8:50 p.m.

Mr. Martel: I am not allowed to name names.

Mr. Mackenzie: He certainly did not support their inclusion at the time.

Mr. Gillies: I do not want to get into a back-and-forth on the personalities involved, but I know you appreciate the problem. So many of the accidents are to children operating farm machinery—tractors and so on—which overturns. I encourage you to act on that as soon as you possibly can.

Mr. Mackenzie: Have you moved at all on mandatory inquests, or is your government moving on them?

Hon. Mr. Wrye: In my view there ought to be mandatory inquests. My colleague the Solicitor General (Mr. Keyes) is aware of that, but there is some measure of disagreement among colleagues and perhaps among top officials in the ministries. The deputy shares my view and has for a very long time. We are going to have to try to sort that out. We have not changed our view.

Mr. Mackenzie: That is interesting.

Hon. Mr. Wrye: In August or September of this year we sent a letter to Mr. Keyes asking that he put mandatory inquests in place in the area of fatalities, and I have not changed my view that it is important.

I am trying to remember back to the days when I was a journalist and covered a lot of inquests. They used to have inquests into all sorts of deaths, and then they cut them back, not just in work-place fatalities, saying some inquests would serve no useful purpose.

I think an inquest in any work-place death, no matter how straightforward it appears, will serve a useful purpose, if only from the point of view of public awareness. That is my view and it has not changed. I assure you we are continuing to try to sort that out.

Mr. Martel: They did make it mandatory for mining. At one time it was hit or miss, and you did not have—what is it called when you are allowed to represent a worker at an inquest?

Mr. Hayes: Standing.

Mr. Martel: Standing. I remember when they did not even have standing. The only person who could ask questions was the coroner, and most of the time he did not bother asking the right questions, certainly not what the miners wanted to be asked. It took some doing to get that

changed, about 1970 or 1971. We have not made much progress since then.

Mr. Mackenzie: It should not be a cost-out. That is all I am saying.

Hon. Mr. Wrye: I do not think, and Tim may want to add something, it is viewed as being a cost-out. I do not think the chief coroner favours it. There is disagreement. You have people coming from different perspectives, and we have to continue to work to sort it out. I want to put on the record that that is my view. We are attempting to persuade my colleague that we ought to entertain that view. The financial aspect is not important at all, and a useful purpose is served.

I gave the fatality statistics a little while ago. We have in round numbers a couple of hundred work-place fatalities a year. I do not know what the statistics are. In spite of the fact inquests are not mandatory, I assume there are inquests in a large number of cases. There have been 92 fatalities and I assume a lot of them would have inquests, although certainly not all.

Mr. Sheppard: Being a farmer myself, when I was home on the farm and we had two boys, they often rode with me on the tractor and many a time they would fall asleep in my arms and I would stop the tractor and lay them down on the grass at the end of the field. When I came back across they would be awake. I know there are more people killed on three-wheeled tractors than on any other tractor in Ontario.

I ask you to consider looking at some of the recommendations the Ontario Federation of Agriculture has made. They talk about putting roll bars on tractors, but I do not think that is the real answer. It might be better to have a cab on the tractor. The OFA has recommended to the Minister of Labour in the past making it mandatory for a tractor of a certain size and horsepower to have a cab on it.

It is very serious that more people, adults or children, are killed on three-wheeled tractors. The one I had was the most dangerous tractor I ever had in more than 30 years of farming. Now we have a couple of tractors with cabs on them and my grandchildren ride with me. I feel a lot more comfortable with one of my grandchildren riding with me in a tractor with a cab on than I ever did with my own children when we did not have one.

A cab does not cost much more money, and it is something I wish the Minister of Labour would have a second look at and discuss with the Ontario Federation of Agriculture and the Minis-

ter of Agriculture and Food. It could be a very serious problem down the road.

Hon. Mr. Wrye: Interestingly, the task force report I referred to earlier, which was a joint task force set up with the Ministry of Agriculture and Food and the Ministry of Labour, did not ask for mandatory cabs. It did, however, call for legislation to mandate rollover protection on tractors and audible warning devices on self-propelled equipment.

I can only tell you we are reviewing the task force report and will review these matters with interested groups, including the federation, but that is what the task force reported.

Mr. Gillies: Against that backdrop of either a levelling-off or decline in accidents that you spoke of earlier, there has been quite a startling increase in the farm category, as you may be aware. Farm lost-time accidents climbed from 1,936 accidents in 1976 to 3,058 last year.

Hon. Mr. Wrye: My friend from Sudbury East and I had a little dispute tonight over whether there is some degree of good news. I do not want to overemphasize the good news, but he and I may have some dispute over whether there is some improvement. If he wants to raise it, I will agree with him that there has been no improvement in agriculture. The figures are quite disturbing.

The accidents, the lost time, the fatalities are all going in the wrong direction. Just to put this on the record, the latest statistics available for inquests indicate that for the 1983 calendar year, 61 fatalities occurred in work places under the jurisdiction of the industrial health and safety branch. This the only figure I have that I can get out quickly. Of this total, coroners' inquests were held in 35 deaths, or 57 per cent of cases. In 1982, the figure is 42 per cent. The figures are not very encouraging for inquests, which is one good reason to get on with trying to have mandatory inquests.

Mr. Gillies: The added dimension being so many children and under-age workers on the farms.

Mr. McGuigan: I do not have the statistics in front of me on farm accidents, but I believe fully 50 per cent are on tractors. As you mentioned, an awful lot of them are passengers. I have driven a lot of tractors. I have had passengers and I have ridden as a passenger. Really, there is no place for a passenger on an open tractor on which you are not enclosed by a cab. Those things have no springs in them. The wheel and the axle are integral parts of the machine. When you hit a

bump, there is no shock absorber such as you have in your car or truck when you take a bump.

9 p.m.

Mr. Sheppard: Yes, but you are not going nearly as fast.

Mr. McGuigan: You do not have to be. When you hit a bump with those rubber tires, you get the bounce and you do not get a shock-absorber effect; it throws the passenger any which way. It really should be against the law to have a passenger on a tractor.

Often it is when you are returning from work at noon hour. Many farms today have a farm down the road. Rather than have his wife come and pick them up with the car or whatever, the farmer will drive the tractor home. Someone else who might be working with him rides as a passenger. I think they should be charged under the Highway Traffic Act if they have a passenger on there.

I know there would be a lot of farmers who would kick about that, but from the safety standpoint I do not know how you can justify a person riding on a tractor as a passenger when there is no seat.

When you look in some of the ads, pictures and so on, of Europeans, they do have a bit of a seat where a person could sit, instead of sitting on the fender. That is where they end up, sitting on the fender.

Mr. Sheppard: Either that or standing on the draw bar hanging on to the driver.

Mr. McGuigan: On the British tractors they have a little dicky seat with a couple of handles. At least you can hang on to those handles. That might help in some instances but I think neither an adult nor a child should be on there as a passenger.

As far as the three-wheeled tractors are concerned, I realize conditions vary depending on what part of the country you are in. There are not many three-wheeled tractors left in south-western Ontario.

Mr. Sheppard: There are not, thank God.

Mr. McGuigan: You find some around farms but they are old. People keep them as—

Mr. Sheppard: Antiques?

Mr. McGuigan: Yes. There are not very many of them. In our part of the country, if you went to an auction sale 30 years ago, you would look around and there would be all sorts of farmers there minus a hand or an arm that had been taken off in the corn pickers. That is not a factor today with the combine, which has taken the place of the corn picker.

Hon. Mr. Wrye: Let me make this point as something for committee members to think about for next year. Given the fact that we have this report—it is very recent and it is really unfair to get into a lot of discussion—we have something before us but the statistics are quite troublesome. If you want to get into it next year, we certainly should to some extent. By that point we may be moving forward legislatively and with other initiatives in this field.

Mr. McGuigan: We need some farm safety experts.

Hon. Mr. Wrye: Yes. We will bring experts forward in that field.

Mr. Chairman: Before we go to Mr. Smith, it is up to the committee members to determine the line of questioning, but I remind you that the minister has a lot of material to give out and he may not be with us much longer, if that is the right phrase.

Mr. Gillies: He looks quite healthy.

Mr. Chairman: Looks are deceiving.

Mr. Sheppard: What has he got hidden behind that beard?

Hon. Mr. Wrye: He tried to throw me from the plane yesterday.

Mr. D. W. Smith: I do not want to take a lot of time, but those statistics from 1976 to 1984 were interesting. I have to think that in a lot of cases there was quite an expansion in machinery in the farms at that time. Machinery only started to take off from about 1974. It stayed quite stable until perhaps 1978 and then prices skyrocketed.

If you were to do a survey over that period of time, I am willing to bet you would find that a lot of hired men were released after the 1978 period more than any. That was when a lot of the young people of the family were having to do the work. The farming business is not like a nine-to-five job. You have to go when the weather is right. I happen to be one of these farm statistics.

Mr. Sheppard: Say it, Dave: "From daylight to dark."

Mr. D. W. Smith: In the right time. You cannot always do the thing you are supposed to do or you are not always thinking of the job you are working on or you are tired and are not thinking as well as you should be.

In the other area, farmers get visitors and you are just about the worst old fellow if you do not give a kid a ride. They will hound the devil out of you. You think you are being fair to the kid by giving him a ride but if that one momentary lapse

occurs and it causes an accident, you will regret it for the rest of your life.

Those are some of the things that go on out there. I would like to talk a little longer but the minister is in a hurry. I wanted to ask other questions but I do not think we are going to get them in tonight, so I will give way to the minister.

Hon. Mr. Wrye: This is an important issue. Some of the statistics surprised me. I want to put some of them on the record.

Mr. Martel raised a question about the number of work places with more than 20 workers that do not have a joint health and safety committee in place. If you will just bear with me, it is a fairly thorough answer.

Slightly fewer than 65,000 work places were on file with the industrial health and safety branch as of November. The total number of work places in the province with 20 or more production employees on register with IHSB is 11,139.

Mr. Gillies: What was that?

Hon. Mr. Wrye: There are 11,139 work places with 20 or more production workers. Slightly more than 6,000 are nonunionized; 5,100 are unionized. As of November 13, the status of work place joint health and safety committees is as follows: 12,793 have committees in place; 1,023 of the committees are in place because of a designated substance. The designated substance regulation applies despite the fact there may be fewer than 20 workers. The remainder of the work places are exempt or have fewer than 20 workers and do not require a committee.

There are approximately 250 outstanding orders where an inspector found on his most recent inspection—and this is a little disturbing—that a committee was not in place but was required by the act.

Mr. Martel: And you laid charges in them all.

Hon. Mr. Wrye: Most of them had committees but, for one reason or another, the committee ceased to function. In other words, putting it another way, more than 98 per cent of the work places in the province that require committees have them in place. The IHSB is following up to ensure that committees are in place as required in the remainder.

In the mining sector of the division, all operations with more than 20 workers have health and safety committees. There are 234 such committees. Of these 234 companies, 98 are not unionized.

We also raised the discrepancy between the 65,000 work places we have registered and the 150,000 the Workers' Compensation Board has registered.

The 65,000 work places have about 2.25 million workers. The remaining 85,000 employ about 600,000 workers. These are mainly small retail and office employees. For the most part they are unorganized but I think you would agree that for the most part they are—I hate to generalize—in a fairly low-risk, low-hazard category. You might want to argue that because they are unorganized there is an added risk.

There is no legislated requirement for a new industrial operation to register with the Ministry of Labour unless physical changes are being made to the work place, in which case predevelopment review is required. Virtually all high-hazard work places in Ontario are already on our files subject to the inspections.

Again, you get into some limitation of resources. That makes our activities more regular with high-risk areas which have been identified from accident statistics in the industrial sector experience. Beginning in April, an electronic comparison of WCB tapes with our operational tapes successfully established a computer listing of employers currently registered with the board but not with the IHSB based on sector experience and inspection cycles then established for these employers.

9:10 p.m.

Correct me if I am wrong, Dr. Robinson or Mr. Goodman, but I understand new registrations with the WCB will become new registrations with us. We now have the problem of going back to the other 85,000 work places. We are beginning to attack the problem, again given limited resources. I gather some effort is going to be made to look for any larger work places—and there are very few—and also to look at work places on the basis of the danger: their accident rate, their assessment rate. We are not going to get all 85,000 in the first month or in the first year but we will attempt to deal first with the ones that are likely to be more dangerous. It is going to take a while but we are making some progress there. The resources, limited as they are, are being used in the right direction.

On inspections, the cycle, and unorganized versus organized, again I think we have some interesting statistics. I guess the concern from Dr. Tucker was that unorganized work places received the least attention of the industrial health and safety branch.

The criteria for establishing the frequency of inspection include: accident injury frequency, history and type; number of workers potentially exposed; nature of the industry and experience with same; previous inspection history, that is the number of orders issued, number of unresolved concerns, number of complaints, etc.; industrial relations environment; application of designated substances regulations and effectiveness of the joint health and safety committee in the internal responsibility system.

As an aside, I have generally found that companies—certainly the ones you raise, Mr. Martel—very quickly go on the three-month cycle; all the way from 36 to three months. By and large, we have the work places which are high risk covered off.

Mr. Martel: There is one problem. Where you run into a snag—for example in a number of cases I am currently working on trying to gather all the information—is that companies do not report the accidents and they threaten dismissal if it is an unorganized work place.

Hon. Mr. Wrye: That can be a problem, but I am saying the criteria for inspections are reasonably set. You are right, but to be fair I do not know how, in heaven's name, you expect us—

Mr. Martel: All I am saying is that the accident statistics do not show up.

Hon. Mr. Wrye: That is a violation of the Workers' Compensation Act, as you know. It is subject to the most stringent of fines, which we are examining. I think my views on this matter are fairly well known so I will not go into them.

Mr. Martel: Just to take a point: as is suggested, part of the problem is that in many small work places accidents are not reported. It does not trigger at least one of the mechanisms.

Hon. Mr. Wrye: You suggested to me in the past that prosecutions and fines are a deterrent. I agree with you, but it will not solve all the problems. There is always going to be that small group out there who will try to beat the system. It seems to me if the penalty for trying to beat the system is higher then we will get somewhere.

These criteria apply equally to both organized and unorganized work places. According to the statistics you quoted Dr. Tucker using—and they were correct—in 1983-84, 60 per cent of the unionized work places registered and 45 per cent of the nonunionized work places were inspected. However, of the total number of establishments visited during 1983-84, 76 per cent were nonunionized work places, three out of four, while 24 per cent were unionized work places. Of

the total number of inspections and investigations conducted during that period, twice as many, 66 per cent, were conducted in nonunionized work places as were conducted in unionized work places.

Although significantly more inspections are carried out in nonunionized work places, it should be noted that 59 per cent of the orders were in unionized work places. These are raw statistics. You make of them what you will.

Mr. Martel: You sure have fun juggling them around.

Hon. Mr. Wrye: In 1984-85, 18 per cent of the work places registered were unionized, representing 56 per cent of the production workers, and 63 per cent of the lost-time accidents reported occurred in these unionized work places.

Based on all of that, I am not sure I agree with your statistics. I guess there are a lot of numbers there. I honestly think the bottom line is what triggers our cycle. You can pull out the numbers and make what you will of Dr. Tucker's numbers; and I can pull out different numbers which appear to have different conclusions.

The point is, are the inspections done in a sensible way, using sensible reasons and are they sensitive to problems which the inspector may see in a number of the areas I mention, not getting into the sensitivity of how effectively? Do we have in place the sensitivity to decide whether a work place should be on a 36-month cycle or on a three-month cycle?

We have a number of criteria. Everything else in this world is probably not perfect but it seems to me they are reasonably well thought out. They are pretty sensitive criteria.

You used a 1983-84 figure saying there were 138 work refusals, section 23 work refusals. Interestingly, I am not sure why, the number of work refusals in 1982-83 was 136. It went up two to 138, one per cent, in 1983-84. In 1984-85, it went up to 315. This year our estimate is 335 when they are all in.

Not surprisingly, work refusals are overwhelmingly in organized work places. Although that number in 1984-85 began to drop, it is still 86 per cent in organized work places. That is not surprising but it is troubling. It has something to do with issues we talked about in terms of unjust dismissal. There is no doubt about it; there is no point in trying to pretend it would be for any other reason. That is an important reason—

Mr. Martel: I do not know the figures but we were trying to show that the unorganized workers are still the most vulnerable.

Hon. Mr. Wrye: I do not think there is any doubt about it. I do not think you would get any disagreement from anybody at this table or in this room. You know we have discussed a number of these. We have been attempting to address the whole sensitive area of ensuring that when our inspectors were in the work place, particularly in an unorganized work place, their discussions with either the health and safety committee or the workers themselves where there is no committee, is done in as unfettered and nonthreatening an atmosphere as possible. It is difficult but not impossible. We are reviewing this matter pretty actively and I think we are making some progress.

Mr. Gillies: I do not know if your figures would show this, but I would be most interested to know the number of work places in which those 335 refusals were concentrated. It would be very interesting to know if it was 335 refusals in 300 work places or if they are concentrated in 50 or 100.

Hon. Mr. Wrye: I do not have that. Using 315, because that is an exact number for 1984-85—

Mr. Gillies: Pardon me, 315.

Hon. Mr. Wrye: But 86 per cent of them were in organized work places and 14 per cent of them were not. I suppose we could get those figures. I would rather suspect—I should not guess—that they are not hugely spread around.

Mr. Gillies: I would be most interested if you could get that for us, the number of work places. There might be an interesting pattern there.

9:20 p.m.

Mr. Goodman: I am wondering if I could at this time refer to a suggestion Mr. Martel made that has been implemented to try to better protect unorganized workers. At a meeting in relation to Woolco a couple of years ago, Mr. Martel made a very useful suggestion that we ought to consider preparing a card to give out to employers and workers where there has been a work refusal.

It indicates that reprisals are prohibited under the act and gives the rights of the worker and the duty of the employer in the event there is a work refusal. We had those cards printed in five or six different languages and they are handed out by inspectors on all work refusals. It was an extremely useful suggestion and one that was implemented.

Hon. Mr. Wrye: There was an awful lot of discussion on isocyanates by Mr. Martel. It is a substantive issue and we should turn to that, if that is okay.

Let me start by suggesting generally—and we will get into the specifics of it with Instapak—a good deal of what you had to say has to do with right to know. There is a document that has been floating about since the latter part of May of this year, which has right to know on page 2 and something about its introduction this session.

I say to you in an encouraging way that we are very close. At one point I hoped we would have this before we adjourned for Christmas, but we will have it fairly early in January. We have made great progress on the issue. When the legislation is introduced, I hope you will find it to be very supportable.

Mr. Martel: I am sure you will be amenable to amendments.

Hon. Mr. Wrye: Absolutely. I alluded to this in my opening statement. One of the problems we do have with right to know is both management and labour on a national basis. They have been in to see me and are saying, "That is great but do not tie everyone's hands in terms of Ontario going its own way while"—

Mr. Martel: It is in the works.

Hon. Mr. Wrye: The point we have been trying to make and we have made quite a number of times is, "That is great, but we have a lot of work places in this province." The implementation on a national basis cannot be a 10-year project, or eight years or seven or six or five and go down from there. We are ready to go; we are willing to be patient, but not very. We want to work with the federal government and the provinces.

It is still the view right now, of both business and organized labour, that we should hold off. We do think it is useful to bring forward the legislation. We think that will provide a bit of an impetus. I believe such legislation has been brought forward in Manitoba.

I rather think these things will provide an impetus. We are the large industrialized province and are anxious to provide some point of view as to the kind of direction Ontario thinks is appropriate. We are a major player in this thing; the major player in terms of the provinces. We think it is very important to get that up and before the public. It will add to the debate and throw Ontario on to the side of getting this forward as quickly as possible. I wanted to put that caution before you.

In terms of isocyanates, you suggested we did not have an adequate handle on the number of work places. We will move to that specific. As of December 11—that is not bad, eight days ago; these figures are eight days out of date—the

ministry has on record 1,067 establishments to which the regulation applies, all of them visited by the inspectors.

You said we do not have a handle. To some extent, and we have just been discussing it, the regulations do not require that employers notify the ministry when a designated substance is present, processed, used, handled or stored in a work place in circumstances where a worker is likely to inhale, ingest or absorb the substance. Right to know is going to change a lot of things. In terms of this whole area, and we will get to Instapak in a moment, that is what you are speaking about, and we acknowledge that.

Mr. Martel: That is just an example I use.

Hon. Mr. Wrye: In terms of Instapak and Crothers, Crothers purchased the unit and when the drums entered the work place, Mr. Flexer, the chairman of the committee, advised the shop manager that the drums contained isocyanates and that an assessment would have to be done. We are informed that at that point the manager called the west Toronto office on November 18 for information about the product. The officer went to the work place on November 19 to explain the regulation and to advise that if the product were to be used, an assessment and possibly a control program would be required.

Both management and workers had a data sheet that identified isocyanates. The shop manager decided not to use the product and the drums were removed, unopened, four days after the visit. Mr. Flexer asked the officer why the government allows designated substances into the province. The officer's response was that products containing designated substances can be used under controlled conditions. There was no other discussion of other Instapak users.

Safety instructions are apparently supplied with all the units. Tests done by customers report 0.00078 parts per million MDI (methylene bisphenyl isocyanate) levels, while the standard is 0.005. The tests that were carried out at Westinghouse in March 1985 showed levels well below the Ontario standard, where the maximum is 0.00008.

I will read a note from Mr. Goodman to show one of the things we have done.

"At my request, we called the president of Sealed Air, the Canadian distributors of Instapak, and the number two person was in the office and we spoke with him. We asked for a list of customers of the company in Ontario." You will know that the only right we have is to ask for it. "He has indicated that he is not in a position to respond, but he is concerned, obviously, about

the company's competitive position in terms of its customer list.

"He advised that the Canadian company would write the ministry advising it of its response and providing information, including copies that it gives to customers in relation to the health hazards, if any, associated with the use of the Instapak system. He advised that the company consulted a doctor about the airborne levels of isocyanates that are likely to be encountered through the use of the product and was advised that they were well within the time-weighted average specified by Ontario regulations."

Mr. Martel: I can give you the advertisement. I have their leaflet. It does not say anywhere that it is a designated substance. It says it can be used safely; all nice words.

Hon. Mr. Wrye: A lot of this speaks to right to know; there is no doubt about that. The fact is they are under no obligation; I hope they will choose to do so.

9:30 p.m.

Let me touch quickly on a couple of others; I know time is going. Worker exposure to isocyanates at Lord Elgin Plaza in Ottawa is a federal issue.

Mr. Martel: Yes, I know that. What worried me was that here was a worker who was getting sick and everyone said the material did not contain isocyanates. When the employer tells the workers it does not contain isocyanates, you have a bit of a problem. Again, I was trying to illustrate what is happening in the work place: people do not know what they are working with.

Hon. Mr. Wrye: Okay. We will turn to Jancee Screw Products Ltd.

Mr. Martel: It is father and son, is it not?

Hon. Mr. Wrye: First, let me provide some background related to our last inspection of the work place, prior to the one that was conducted yesterday.

On March 4, 1983, a full inspection was carried out during which no orders were issued and no unresolved concerns were raised. The inspector noted in his report that the committee complied with the requirements of the act. The worker member of the committee who accompanied the inspector was a John Scheurer. That was in 1983.

At the same time, an anonymous complaint in which a worker complained about breathing problems while machining a plastic material identified as delrin, was investigated. It was confirmed that the worker was provided with a respirator and that a coolant was used in the

machine. An exhaust hood had been provided directly above the cutting area, which was mechanically exhausted to the outside. This action had resolved the worker's concern, but the worker had been assigned to another machine operation not involving the use of delrin. No orders were issued.

Yesterday, December 18, both the industrial health and safety branch and the occupational health branch made a visit to the plant.

Mr. Martel: Did they find anything?

Hon. Mr. Wrye: We are advised that a joint health and safety committee is in place and consists of four members. The two worker representatives are John Cox, the son of the president, and John Scheurer, who is not related to the owners. It was learned that, approximately three years ago, the company put a notice on the bulletin board asking for volunteers for the committee and these two gentlemen were the only persons who responded.

Yesterday, an order was issued under subsection 8(5) that the worker representatives be selected by the workers they are to represent and that must be complied with by Tuesday next—Merry Christmas.

I am advised the company is obtaining a material safety data sheet on the coolant cutting oil which will be given—

Mr. Martel: It is three years since your last visit, and you are talking about the coolant.

Hon. Mr. Wrye: Remember, though, no orders arose.

The data sheet will be given to the hygienist for review by December 24. In the meantime, a sample was taken by the staff for analysis. The company does not use any buffing compounds; therefore, there can be no airborne dust particulates as a result of buffing. However, there was visible oil mist in the air. Air sampling will be carried out as soon as possible, and I am sure you, Mr. Martel, and the members of the committee, will understand we are not going to tell you when.

I am advised the machines in use in the plant produce high noise levels, but there are signs posted in the work place that hearing protection is mandatory. All workers exposed to high levels were wearing hearing protection, you will be glad to hear. The hearing protection was adequate. I have this additional note from Mr. Melnychyn, indicating that noise levels were 90 to 96 decibels on the A scale.

While most of the machines in the plant were adequately guarded, five orders were issued under subsections 28(2), 29(2) and 34(1) to

upgrade the quality of the guards. These orders will be complied with by December 24. No contraventions were noted with respect to faulty electrical equipment.

There are approximately 40 machines of all types in the plant. Five machines were partially guarded and orders were issued. The machines were not an imminent hazard; rather, the guarding required improvement and that is why they were not shut down. The rest of the machines were adequately guarded.

There is a considerable number of machines—about 40—in the plant given the floor space provided, as the company is undergoing expansion. It is expanding to a second plant at 3134 Lenworth Drive in Mississauga.

Long rods of material are brought into the plant and sometimes there is difficulty manoeuvring these rods into the machine because of the space limitations. No contraventions of the legislation were observed. The machines do not operate but rather are shut down while they are being loaded.

We will let you know once we have the analysis of the cutting oil and the air sampling results for the oil mist as well as, if you like, the names of the new members of the joint health and safety committee.

Mr. Martel: Another surprise; a clean bill of health one time.

Hon. Mr. Wrye: I predicted to my officials you would say that.

Mr. Martel: You know I am right. One wonders if those inspectors go in the first time with a white cane.

Hon. Mr. Wrye: It had been three years; maybe it should not be, but I do not have 2,000 inspectors. Conditions can deteriorate over time because of management or whatever. I can only tell you that enough was found there that we left a few orders.

On that note, may I adjourn to the Legislature for a few minutes? I gather second reading of the Workers' Compensation Board indexation bill is coming up shortly and Mr. Martel wishes to put some additional cases on the record. I will return when my second reading debate is concluded. I apologize to the committee.

Mr. Martel: Let me start in a hurry because I have a fair number. I just broke my glasses. I will not be able to read. I will have to feel my way around.

The first one I will talk to is before Walter Melnychyn right now. It is regarding the death of Alan Douglas Brown on September 6, 1985,

while he was working for the Ministry of Transportation and Communications. I understand there were some orders and MTC asked for an extension.

What happened was that this man was working alone without a lifejacket while cleaning out a culvert. This 60-year-old gentleman fell into the water and drowned. I did not know MTC could not afford lifejackets. I thought we had enough money in this province. The minister is short of staff but MTC should not be short of lifejackets. I am amazed that this occurred.

The employer was in contravention of at least three sections—35, 36 and 37—of the construction regulations. The Ministry of Transportation and Communications has requested a delay. It was also in contravention of section 41(a) of the act and sections 35 to 37 of the construction regulations.

I find it difficult. It is interesting that I am going to raise about six cases tonight, all in the public sector. Some of them are hospitals, which you would think would know better.

If MTC did not provide lifejackets, why in hell is it not going to be prosecuted for having a worker work by himself around a culvert? It is beyond me. If it does not have two men working together, it should ensure at the very least that a lifejacket is provided and that the guy is not allowed to work unless he wears it. Either he should have a lifejacket or there should be two people in place.

9:40 p.m.

That this could occur blows my mind. The Ontario Public Service Employees Union feels charges should be laid, and I certainly agree. I think the crown can afford lifejackets in this province.

Another case I want to raise is a fatality that happened to a Mr. Macaluso in my colleague's city of Hamilton. I have had three letters in the past couple of days from the union involved. Their criticism of the inspector, the director, who appeared at the inquest is something to behold. Let me quote one of Tim Armstrong's favourite friends in this field, Colin Lambert.

He says, "I am writing in support of the complaint that was sent to you by CUPE Local 5 in a letter dated November 18. I represented the union at the inquest and was granted standing. I was dismayed by the position taken by your official Mr. Brown. He informed the jury that he would not be seeking prosecution because Mr. Macaluso, in his opinion, came down the ladder the wrong way. Apart from the fact that the evidence was not conclusive on this issue, surely

an improper act does not negate violation of the law.

"Mr. Brown's attitude on the stand greatly influenced the jury. He showed little concern for the violations." There were violations. "He refused to confirm whether he had reached any conclusion on the issue of whether the ladder was considered to be in regular use. He made assumptions not contained in the act about the requirement of guardrails. He assigned the blame for the action on Mr. Macaluso alone, nothing with respect to the ladder. I also add my voice to that of Local 5 in that a thorough investigation be conducted into the statement made by Mr. Brown."

When Mr. Macaluso came down the ladder, we are not sure whether it was frontward or backward, but apparently the ladder was an irregular ladder, it was not long enough. The company is supposed to notify the construction section when there is a construction over a certain value. That was not done and Mr. Macaluso, an elderly gentleman, fell down.

They made a great deal about his not wearing a helmet. I agree he should have worn a helmet. However, the union found that attitude pretty depressing. On occasion they would like the Ministry of Labour officials to take the same kind of stand on their behalf. If there was no notification, as was required, that is a contravention. These little contraventions keep sliding by.

I have another case that is before Brian Goodman now. It involves another crown corporation in my own riding, the great riding of Sudbury East, at the Cecil Facer school. It is a place for youngsters in trouble who come under the new act, the one we opposed, which puts 12-year-olds and 17-year-olds in the same place.

Mr. McGuigan: The Young Offenders Act.

Mr. Martel: Yes. They had a real donnybrook there in September and smashed the hell out of one place. The employees became fearful that there was no place, except in cottages, to put these violent people. They suggested the new wing of the Sudbury jail, which is where they put them after this incident, but that was not done.

Then they took out of circulation one of the five cottages. I think there are five cottages. They took the bodies out of one cottage. The cottages were for a maximum of 15 young offenders, but they put in 22 or 23 per cottage and emptied out one cottage and made it a place to hold the wild ones. The union objected that there is no protection for their people against those youngsters who become violent. They could well weigh 200 pounds at 16 or 17.

They wrote to me. They wrote to Brian Goodman on November 4. They indicated to me that as of last Friday they had not yet had even an acknowledgement. I guess you were so busy looking up answers that you did not have time to answer it.

How do we get out of it? Surely if the workers do not have the right to refuse, you have to protect them. Do you know what they have done there? My information from a number of people is that since the Young Offenders Act they have hired big, burly guards, instructors and what not and have toughened the place up. It is a great learning environment. You do wonderful things with kids who are in trouble by putting them in that situation, especially the 12-year-olds and 13-year-olds whom there is at least some hope of salvaging.

In the meantime, what are you doing to protect the employees of the province? Peter Slee has written to Mr. Goodman. He has written to me. I talked to Peter as late as Friday. You have to get a solution, and I do not like the solution of Mr. MacLean. He and I have crossed swords before, too. He is the regional man up there.

This is from Cecil Facer Youth Centre:

"This is to confirm receipt of your official safety complaint. In the complaint, you are concerned that the centre has insufficient capacity to remove violent inmates from the general population in the centre. Due to the complexity of the concern, which is not clearly addressed under the Occupational Health and Safety Act, I am referring this to Mr. Dyson."

That was October 1. On October 31, after a month has gone by:

"This is to advise you of the results of our investigation into your complaint. The complainant described an unsafe condition as being the result of Cecil Facer Youth Centre having an inmate population of occasionally violent youth offenders. The centre has insufficient capacity to remove violent inmates. The union requests and suggests that once the segregation facilities at Cecil Facer are filled to proper capacity, behavioural problems be moved out.

"In view of the nature of this complaint, I have referred it to the industrial health and safety branch in the north. I have been advised that the Occupational Health and Safety Act would not confer any jurisdiction on any inspector to order persons committed to the Cecil Facer school to be removed to the Sudbury Jail. It appears that the youths in Cecil Facer have been ordered there under the authority of the Young Offenders Act,

a federal statute made in relation to criminal law, section 24(6)."

It is all wonderful stuff. By the way, they were taken to that very prison anyway when they rioted.

"It is my information that the Lieutenant Governor in Council for the province has designated Cecil Facer as a place or facility for the secure—"

I am trying to get to the bottom of this. It goes on and on:

"In light of the above, I believe it clear that the Occupational Health and Safety Act does not apply in this circumstance."

You go put it in your ear, you have no protection; that is what they say. It does not matter if you get your head kicked in. There is an appeal before Mr. Goodman now. I hope it can be resolved. I know Peter Slee and I know some of those people. They are looking for a way to provide the proper protection of violent youngsters when they act out. They are also looking to protect the membership, which I assume is fair.

I do not like MacLean's answer. It seems to me that if he was uncertain he should have got his butt down here—we do have telephones in the north now—to find out what he could have told those people about the method of resolving their dilemma. Do not leave them up in the air. They are crown employees, toss them out to the world; I guess that is why it is always like this.

9:50 p.m.

Mr. McGuigan: Are you saying that 16-year-olds are more violent than an older prisoner might be?

Mr. Martel: A 16- or 17-year-old?

Mr. McGuigan: Are they more violent than older ones?

Mr. Martel: Than real older ones, yes. As you get older, I think you get a little more mellow. I think 16- and 17-year-olds can be extremely violent.

Mr. McGuigan: There are no restraints.

Mr. Martel: Oh no, there is nothing there. In fact, I think they are now putting a big fence around the place. Some of us oppose the whole concept of putting 12- to 15-year-olds in with 16- and 17-year-olds because, as a former teacher, I still think we can save many of those 12-, 13-, 14- and 15-year-olds, but not if we insist on putting them in with 16- and 17-year-olds, who just teach them more. They come out more hardened than they were when they went in.

Mr. McGuigan: That is the idea behind the Young Offenders Act, to keep them away from the 22-year-olds.

Mr. Martel: Sure.

Mr. McGuigan: They say the Occupational Health and Safety Act does not apply because it is a federal act.

Mr. Martel: That is what is crazy about it. They say they are incarcerated under a federal act there, but they are certainly serving two years less a day, I would imagine, if they are placed there. Therefore, they would not—

Mr. Goodman: It would be a work place within our jurisdiction.

Mr. Martel: Yes.

Mr. Goodman: Clearly, Mr. Slee deserved at least an acknowledgement before now, and I apologize if that acknowledgement has not yet been received.

I recall reading the letter. I was concerned about the matters. I wanted to make sure I had a full report and any legal opinion that may have been received by the industrial health and safety branch, as a result of which the officer wrote that letter.

That is the cause of the delay. However, he clearly should have been sent an acknowledgement letter, and I apologize.

Mr. Martel: I want a solution to it. You see, it does not apply just in that institution; that is what worries them. You will recall that we have had some people killed in North Bay. One of the orderlies was killed there a couple of years ago. There has to be a way for those people who have to work in those conditions to be as safe as possible at the same time, and this type of response does not give me any comfort. We have to find a way for those workers to be able to protect themselves and at the same time fulfil their responsibility, which is to look after kids.

Talking about kids, I want to go on to the next one. I have sent the ministry a number of letters from Julie McCrea, a social worker who has been doing a series of papers on homes that come under the Minister of Community and Social Services. I have sent one in about the Peel assessment work shop, and I have sent a second one in regarding a similar institution.

It appears that many of these kids are vulnerable because they are working with a variety of equipment without any safety equipment, I am told. These are kids who could be handicapped and so on. They are moving heavy materials, they are making stuff and apparently they are not provided with goggles or boots.

If that is the case in these types of workshops, the fact that it is an assessment area should not make any difference. When they are working

around equipment and so on, they should be protected, because you can get injured as much in that fashion as if you are working in a sheltered workshop.

I am not sure whether the ministry has ever looked at the various sheltered workshops and assessment places before, but it has got to be reviewed in the light of the stuff this young woman has brought forward, not merely because she brought it forward but because it makes so much sense. If you are using heavy equipment and you are wearing running shoes it is crazy, pure and simple.

Mr. Goodman: I have a copy of a letter that you may not have yet received from the minister, a very detailed letter—some four pages—responding to the concerns that Ms. McCrea brought to your attention. Suffice it to say that both of these workshops had been inspected by the industrial health and safety branch.

We take the position that the work places are within our jurisdiction and that so long as there is at least one worker in that work place, we inspect that institution to deal with complaints, issue orders and prosecute if necessary, as was done in Ottawa.

However, it raises a very important question, and that is whether patients—they are called patients—at these facilities or inmates in correctional institutions who are undergoing worker rehabilitation programs should continue to be excluded under the legislation. My minister has asked me to convene a meeting with representatives of the various ministries involved to do precisely what you are suggesting: that is, evaluate the health and safety protection provided to these persons, determine whether it is adequate and, if it is not adequate, set on a course of action that will ensure that the disabled persons participating in these worker rehabilitation programs enjoy at least equal protection of their health and safety.

Mr. Martel: I will leave that until I get my reply.

Let us talk about the Toronto General Hospital. I guess there has been a work stoppage over asbestos there within the last—

Mr. Mackenzie: Just before we leave Julie McCrea: when you are checking into that, can you find out as well or get us a report on the ventilation and the plastic heat sealing equipment at the Jessie Manson Training Centre, which was also in one of the letters from Julie McCrea here in Toronto?

Mr. Goodman: Yes. That is in the minister's letter. It is a very long letter.

Mr. Mackenzie: Has there been any check into isocyanates in that operation as well, or do you know?

Mr. Goodman: We will check for that.

Mr. McGuigan: I would like to comment on the sheltered workshops. I was through a couple of them this spring and watched the children working there.

I asked how safe they were. As I recall, the answer was that these kids are trainable, and in some instances they are more trainable when you say, "You do it this way, you do it that way," than kids who are thinking, "What are we going to do for the weekend?" or "What about the hotrod?" and that sort of thing.

Actually, the safety record in those places is surprisingly good, or is better, perhaps, than you would ever think when you are dealing with children who, in one way or another, are retarded or whatever. That was the reply I got from the people, and it did seem to make a certain amount of sense. These were people I knew personally, and I think they were giving me an honest answer.

Mr. Martel: At Toronto General Hospital there was a work refusal because of asbestos on November 22 by some of the workers of the Canadian Union of Public Employees. The supervisor would not call the Ministry of Labour. One of the refusers advised the worker representative of the situation. He waited an appropriate length of time, then went to see the supervisor.

The supervisor was not interested in pursuing the matter, so a Mr. Owen called the Ministry of Labour to come and inspect the source of the work refusal. That is a contravention of the act, right then and there. When the inspector, one Mr. Wilson, got there—I am only going by the word of the worker—he did not inspect the work place to see whether the complaints were legitimate. He simply said, "You must have talked to someone, because the supervisor indicated the area would be cleaned up."

10 p.m.

The minister's inspector did advise the supervisor that he should inform the worker representative of the work refusal. The attitude of the supervisor at the hospital was that this was just political manoeuvring, of course.

In the letter presented to me, the complaint is that the work refusal procedure was not complied with. This was written to Mr. Stoughton, the president of Toronto General Hospital:

"A work refusal was implemented over conditions in the College tunnel, which includes

open asbestos. Management refused to investigate in the presence of a CUPE rep and refused to call for a Ministry of Labour inspection, a contravention of section 23.

"Supervisors are violating section 24 of the Occupational Health and Safety Act, which makes provision for no coercion or discrimination after a refusal is initiated. Supervisors have been questioning workers for 15 minutes about their motives after the refusal."

Notice of accidents not being posted, that is another one. Noncompliance with a designated substance with the regulation for asbestos.

I am always amazed, because you have just had to come down heavy on The Perley Hospital in Ottawa. You would think that hospitals, of all people, and people who are involved in hospitals, would be the most alert. They are not exempt. I guess they consider themselves exempt. They are not. If we cannot get the medical people who are running hospitals to worry about the seriousness of it—

You people had to move in on The Perley Hospital because they had decided they were going to renovate the whole place and the workers were not involved in the assessment or the control program.

The minister is right in the sense that you have to have right to know, but even when you have regulations in place for substances that are known to be hazardous, there are two hospitals that just flout the law. If hospitals, which employ doctors and so forth, do not see the necessity to protect their employees—

Mr. McGuigan: It would be nonmedical people who would be—

Mr. Martel: Sure, but I am saying that at the head of a hospital there is the president or whoever it is. Then you have a medical staff; there must be a doctor on the board of directors. That is two hospitals within the last three months. I am not sure whether the minister is going to go after these birds, but they are going to have to inspect now. Mr. Wilson has been in there. They can get an assessment. I know the ministry was in Perley in August, and I got a letter from the minister a couple of weeks ago saying you were considering coming down heavy on them because of their failure to comply or to involve the workers.

I have another one I want you to look at. It is lead this time, in the riding of my friend the member for Hamilton East (Mr. Mackenzie). I have to look after his riding as well as my own.

It is a little plant. Maybe it is not so little; I do not have much on it, except that I have a

Workers' Compensation Board case. The company is Usarco Ltd. and the man's name is John Lewis, whose doctor has told him he should be removed from the work place because of his testing.

The claim has not been established as yet. It is before the board. It has been given a number. The company apparently did not report the situation to the WCB on behalf of any workers, and certainly it did not take any medical action on behalf of the man.

It would be interesting to know whether they have done a lead assessment, whether the workers were involved in that lead assessment and whether they were involved in devising a lead control program. I really do not know enough about it, but I ask that that be examined, because this man's doctor took him off the job. He had lead level testing done, and the result was too high. We had to tell this poor worker to go on welfare because the Workers' Compensation Board had not yet finalized its investigation. That has to be examined.

You were going to lay charges for polychlorinated biphenyl spills at Billings Bridge pumping station in Ottawa. The Canadian Union of Public Employees, again Colin Lambert—I received a letter from the ministry dated October 7, after we had written a couple of times and we were advised:

"Following a review of the facts surrounding this case my officials have determined that consideration should be given to laying charges against the employer. I expect a final decision on this matter will be made within the next two weeks, at which time I will write to you further."

The dog trains have not delivered my follow-up.

Hon. Mr. Wrye: I have a copy of a letter dated December 11, so the dog trains—

Mr. Martel: It is going to arrive shortly.

Hon. Mr. Wrye: It is on its way.

Mr. Martel: I want to go back for a moment, if I could, to Duracell Inc. The other night I said to the minister I had two people. Here is the name of the other young woman who came down and signed an affidavit to say she made the initial phone call.

"I, Elizabeth Mortensen, do solemnly swear that on August 13, 1985, I called the occupational health and safety branch, Ministry of Labour, Toronto west office, 273-7800 and spoke to a man concerning inspection of plants in Mississauga.

"The man I spoke to did not identify himself. He did ask me if I wanted to identify myself. I

told him no, but that I should like to file an anonymous complaint about Duracell. He told me I could file a complaint with him. I told him I was concerned about the magnesium dust and whatever chemical in the air was burning my eyes. He asked me how long I had worked there, and with that started to engage me in conversation in which I unwittingly told him I was a part-time worker"—Do you notice how cautious they are with your people?—"and I was there for only six weeks.

"He proceeded to ask me if I was Scottish, but not wanting to reveal my identity and realizing that I had told the man more than I should have, I said, yes." Some of her ancestors came from Scotland but she is not from Scotland. "He told me that it would take two or three weeks before the office could arrange an inspection."

They do not trust your people. It is of great comfort to them that they have that sense of apprehension when they phone in.

Mr. Armstrong: I wonder whether that question about being Scottish was contrary to the Ontario Human Rights Code.

Mr. Martel: Can you not see they are concerned? I put that on the record to make the point that we try to check our facts. We cannot get them all precisely but we try. I am sure the minister is going in good faith with the information he presented that there was no first phone call. This woman took the trouble the other day to come down here to swear out this affidavit that there is something wrong in that plant, that she made the complaint and nobody can say she did not make it.

Mr. Goodman: With respect, the minister said we had no record of the phone call and that we had personally asked every officer and manager who could have received the call. Now that you have the affidavit which contains further facts concerning the conversation, I would be pleased to give it to the director of the branch to see whether we could identify the person who received the call. As the minister has indicated, it is a breach of branch procedure not to have completed a telephone complaint form or not to have followed up with the manager.

If you are prepared to give me a copy of it—

Mr. Martel: I will give you the original and you can return it.

Mr. Goodman: Thank you very much. I assure you we will investigate this further.

10:10 p.m.

Mr. McGuigan: With regard to the officer who received the call, is there any prohibition or

anything mandatory that that person give his name; not the complainant but the person receiving?

Mr. Goodman: No, but the division is currently reviewing its procedure for dealing with complaints, which includes dealing with anonymous complaints. I understand the suggestion you are about to make, and that is that whether or not we are asked for a name that we ought to give a name. Clearly, in these kinds of circumstances, if Miss Mortensen had been given the name of the officer or the manager we would not be in the position we are in now. We will certainly take your suggestion.

Mr. McGuigan: When I am dealing with various departments, I always ask whom I am talking to for my records and when you want to do the next follow-up you get back to the same person. It seems to me that people should be advised to give their names. Perhaps they are. I just ask the question.

Mr. Goodman: They are certainly not currently. I think you make a very valuable suggestion and it is one that will get very close consideration in the division's review of the current complaints procedure, which includes the procedure for dealing with anonymous complaints.

Mr. Martel: I have another and you will really enjoy this one. It is McDonnell Douglas Canada Ltd. There was a complaint by the United Auto Workers at McDonnell Douglas.

Apparently about three weeks ago testing was done on a substance that is used in a confined space for cleaning wings before the wings are shipped to California. The solvent is 1,1,1-trichloroethane. When the test results came back it was found that the substance called dioxane was present in a wide range of between two parts per million to 6,000 to 10,000 parts per million.

Dioxane is a very dangerous chemical and it was not found in the contents listed on the container by Dow Chemical. The threshold limit value for dioxane is 350 parts per million. There was an immediate stop-work order. The Ministry of Labour inspector, Mr. Halbert checked out the situation and said the respirators could be used. The only problem was the health and safety committee asked to what level the respirators were good. Halbert said 3,500 to 5,000 parts per million. In fact, what he was prescribing was not adequate for the levels the tests had indicated were there.

There is going to be some retesting going on that will take three or four weeks. Meanwhile the workers are at risk. Bill Patrick has appealed this

inspection reports and asked for an immediate decision. McDonnell Douglas is worried as well because they were unaware of the content of the solvent in the cleaner.

Again, it goes back to the other problem I raised about isocyanates. Many of the people would in good faith not expose workers to these substances if they were aware what was there. I worry.

Again, we have Dr. Pelmeur and his group. Surely an inspector should get on the phone and check with Dr. Pelmeur to see, at that level, what precautions should be taken. I understand that things are moving now. I think the Ministry of Health did the testing, a Dr. Wong was involved with the results. In conclusion there was a work refusal on December 3 and two refusals on December 10. There were 150 workers involved.

Maybe Dr. Pelmeur has something, but it worries me to no end. We talked about it when we spoke at your office about Allied Heat Treat Ltd. We have some experts in place, but we have to get our inspectors to get on the phone.

Mr. Goodman: I think Dr. Pelmeur does have some recent information and I believe you will find that did happen here. Perhaps Dr. Pelmeur will give you a brief update.

Dr. Pelmeur: The tests, as you rightly say, were in some instances very high and in other instances very low so there was a great range of air quality. The consultant, Dr. Wong, was immediately concerned—

Mr. Goodman: That is our consultant, not the Ministry of Health's consultant.

Mr. Martel: I was told the Ministry of Health by the workers.

Dr. Pelmeur: The tests were immediately repeated and, pending the results of the second test, chemical cartridge respirators were advised and were worn by the workers.

The second test results came back. They were of the same order of magnitude, across a wide range, and the inspector ordered air-supplied respirators. These have been provided and the situation has been rectified.

Mr. Martel: At what level are these second set of respirators?

Dr. Pelmeur: The second set of respirators were air-supplied, so there is no question of any breakthrough contamination.

Mr. Martel: Okay.

You can see our concern. It reminds me of Mr. Kwok a number of years ago, who did the same thing in another place rather than verify his decision with the people who have the expertise.

An inspector should not take the levels in that excess. I agree with Mr. Goodman that these inspectors cannot be experts in everything, but surely they go to the experts before they provide a type of equipment that does not protect people.

Dr. Pelmear: In this case they did call in the experts.

Mr. Martel: The first time?

Dr. Pelmear: The industrial health and safety branch called us in because there was concern about the fumes and it was the occupational health branch that asked for the air sampling. The OHB received the air sampling but because of the wide range it was immediately suspected there was a fault in either the sampling or the analysis and it had to be confirmed. This process has been going on for many years, and to our knowledge there have been no health complaints. It was almost unbelievable, because with these high levels there should have been complaints.

It had to be verified to confirm that the situation was abnormal.

Mr. Martel: Was it abnormal?

Dr. Pelmear: Again, the results were of a very wide range. They are operating in wings and in other confined spaces, and it may well be that the sampling results are not, in fact, the true indication of what is being breathed by the individuals. There was air being supplied into the wings. The sampling pump is here and it may not be the actual breathing concentration. If it was of that order, conceivably there should have been health effects and there were none.

When the second results came back, we were not prepared to allow things to continue in that manner and we had to be sure there were air-supplied respirators.

Mr. Mackenzie: Surely, though, one of the things that would be a priority here would be not the continued use of the respirators. They should not have to work under that condition in any event, even for a very short period of time. Engineering out of the situation is what has to be done in this case.

Dr. Pelmear: I think that is being done. Management has taken this very seriously and is reassessing the whole situation with the possibility of substituting a less toxic solvent.

Mr. Martel: The complaint here is not against the management at the corporation. They were very concerned when they found out the levels.

I want to go back to my friend the minister, who has now returned. When you were gathering all these figures to skewer me, did you find out

the number of orders last year in Elliot Lake? I want to get my pencil out for this one.

Hon. Mr. Wrye: Why do you not just carry on while I am looking. I think there is something.

Mr. Martel: The other one I wanted to talk about, because we are running out of time, is Falconbridge Nickel. I want to relate those two together. Falconbridge using nickel containing toxic substances is my concern; it is not just the uranium.

Hon. Mr. Wrye: Okay, I have Elliot Lake. You asked about the number of orders issued at Denison Mines and Rio Algom.

Mr. Martel: Yes.

Hon. Mr. Wrye: The number of orders issued by fiscal year: in 1983-84, Denison was issued 387 and Rio Algom, 633; in 1984-85, Denison was issued 178 and Rio Algom, 300; to September 30 of 1985-86, Denison was issued 209 and Rio Algom, 222.

10:20 p.m.

Mr. Martel: Before I get to Falconbridge, I want to know, because the ministry tells me—I want to make sure I am right on this—that it is responsible for conventional health and safety, but when it gets to radon daughters, it rests with the federal ministry. How many charges have you laid against two companies that in the period of three years have probably had 2,000 orders issued against them? It blows my mind. I bet we have lots of charges on this one.

Hon. Mr. Wrye: You are wrong again. It is two or three more than 1,900.

Mr. Martel: I added them quickly; I do not have my calculator here. Is 1,900 not close to 2,000?

Hon. Mr. Wrye: I will concede a reasonable rounding off.

Mr. Martel: We will see how many charges were laid. I can hardly wait.

Hon. Mr. Wrye: I will ask Mr. Goodman. I do not have anything on that.

Mr. Goodman: I cannot recall any charges having been laid.

Mr. Martel: God damn it, there were 1,900 orders in two or three years. What does it take? It boggles the mind that it can go on. If we move to Sudbury, you will wiggle out of that one even though the company fails to tell the workers they are putting uranium through the smelter in Sudbury. You will wiggle off the hook by saying: "Wait a minute. That is not our responsibility. Our responsibility is in the conventional area." You have 1,900 orders in three years in the

conventional area and still no charges have been laid.

Falconbridge is the bigger picture that I am also worried about. The deputy minister heard about it yesterday. I do not know how many tons of junk Falconbridge is bringing in now. It has not done any underground exploration, so it has gone in for importing scrap nickel in a big way and we have no knowledge of what that scrap nickel contains. I have heard it could contain arsenic. I do not know; I am sure Dr. Robinson knows better than I do.

I was told yesterday that little transaction—what was the figure they said it cost? Was it \$15 million or something such as that it cost Falconbridge for that little fiasco? No wonder those companies are going out of business. They processed uranium. I guess what I am trying to get at is they did not tell the workers. They did not warn the workers they were going to be processing uranium until Homer Seguin was called by the Sudbury Mine, Mill and Smelter Workers Union. How do you stay away from it? Somebody tell me.

Hon. Mr. Wrye: I think you got a short letter of four, five or six pages on the Falconbridge issue. Perhaps we can get back to that in a second.

Mr. Martel: I have it here.

Hon. Mr. Wrye: On the earlier issue, I have a few interesting numbers that are pretty high. I do not disagree with you. We will not have a chance now because the estimates are ending. However, you may want to surprise me with a question one of these days.

We will take a look at the nature of the orders. I think it would be appropriate for me to take a look at the nature of the orders in some detail and deal with the question as to why no charges have been laid. I understand there may have been a number of stop-work orders. I do not know how many. That is fine, but 1,900 orders is a very large number of orders for essentially two and a half years. We are obviously doing our job, though.

Mr. Martel: No; you are issuing orders.

Hon. Mr. Wrye: That is thorough work. You must concede that.

Mr. Martel: All right. Given that it is thorough work, surely somewhere along the line when you analysed that you said, "We cannot tolerate companies acting in this fashion any longer," and bingo. What are they saying about the act with 1,900 orders for two companies?

Hon. Mr. Wrye: We will have to get the orders. It would be appropriate to look at why

and whether a number of these orders were reissued, and if so how many; and also whether they are problems that recur. We can talk about that on another occasion.

The individual on the street, wandering into these estimates and asking how many orders were written against these two companies, and being told it was 1,900 in two and a half years, would not be totally out of line and unreasonable if he asked why there were no charges to follow up. I am quite prepared to look at it.

Mr. Goodman: The mining branch has a policy. They simply stop work. That is why there were no reissued orders in the mining branch. It and the construction branch believe it is a far more effective and immediate remedy because it does not expose workers to the hazard at the time and it ensures a quick remedy.

My recollection is that we issued 1,800 stop-work orders last year among the three branches. You are aware, Mr. Martel, that the Legislature did not intend that the ministry commence prosecution every time the ministry issues an order.

Mr. Martel: No, we have never suggested that. Although my friend, Russell Ramsay, used to say I was prosecution happy, I have never taken the position that you simply go in and hit them. If you want to go back and check the record, you will see that I have said over and over again that you write an order and if they do not comply, that is when you go after them.

I have also said that I can understand it if it can be proved that a company has drawn up an equipment order, it is en route and it cannot get it installed. I asked the ministry to put that in its annual report a number of years ago. What I do not understand, and this is why people think the act is weak, is that there is a feeling you can get away with it.

If this is the case, then Walter Melinyshin should immediately start to do the same in the industrial sector and just shut it down. That is why I want to give power to the workers, so you will not have to run out there.

Some of our friends here are not aware that there is a contractual agreement between the company and the union at Elliot Lake and that there are worker-inspectors who go around. That might be one of the reasons the place is clean—or cleaner than some—and there are not as many orders.

There are too many orders and one should see whether there is a pattern. That is what I am looking for.

Hon. Mr. Wrye: That is exactly the reason we should look at it. Because of the situation, many of the orders may be relatively minor and almost preventive in nature, that is important. At the end of the process there may not be reasonable grounds to lay a charge.

Mr. Martel: I have the accident reports for Denison Mines and Rio Algom Ltd. We had the statistics during the estimates for the spending of the Workers' Compensation Board. The Mining Association of Ontario's Mr. Campbell sent them to me to confirm mine. We try to be as accurate as possible. We do not have as much staff at our disposal as the minister has.

I could go on. I have four or five more, but I presume I will receive responses to these, plus the analysis. You did not bother to tell me when I was going to get the analysis of Not Yet Healthy, Not Yet Safe.

Hon. Mr. Wrye: Let me end on a note of absolute defence of my officials. They have been trying to get to this minister to discuss it for some time. They have been filled with goodwill. The minister is filled with goodwill, but has not found the time. I apologize and I will attempt to make it very early in 1986, perhaps on your return from your one-week-around-the-riding or wherever it is you are going—

Mr. Martel: Around the riding; it is a little riding in the north.

Hon. Mr. Wrye: —in the north to greet all your constituents early in the new year. Perhaps on your return the analysis will be sitting on your desk.

Let me say in closing, and in a positive way share with you, that there are a few things in Not Yet Healthy, Not Yet Safe that have been implemented; more than a few. Starting out is always a worthwhile exercise when at the end of the day some of one's recommendations are implemented.

Mr. Chairman: We have a small duty to perform, and that is to pass the votes.

Votes 2502 to 2506, inclusive, agreed to.

Vote 2507, supplementary estimates, agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Labour.

Mr. Mackenzie: Will the minister respond to some of the questions that have been raised that we obviously did not get to in the short time we have had, due to circumstances, in this set of estimates? Can we expect to hear from him, possibly in writing, in the not-to-distant future?

Hon. Mr. Wrye: We will try to get answers out as quickly as possible in those areas where you raised issues and we made no response. We have some general responses and, if you would like, we can send them as is or type them up.

Mr. Chairman: On behalf of the committee, I express our appreciation to you and to the members of your staff who helped the committee in its deliberations on your expenditures this year.

This committee will meet again on Tuesday, January 7, at 8 p.m., unless the House leaders in their infinite wisdom come up with some different kind of program.

The committee adjourned at 10:33 p.m.

CONTENTS**Thursday, December 19, 1985****Ministry administration program:**

Main office R-623

Adjournment R-646**SPEAKERS IN THIS ISSUE**

Barlow, W. W. (Cambridge PC)
Gillies, P. A. (Brantford PC)
Hayes, P. (Essex North NDP)
Laughren, F., Chairman (Nickel Belt NDP)
Mackenzie, R. W. (Hamilton East NDP)
Martel, E. W. (Sudbury East NDP)
McGuigan, J. F. (Kent-Elgin L)
Sheppard, H. N. (Northumberland PC)
Smith, D. W. (Lambton L)
Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister
Goodman, B., Executive Director, Occupational Health and Safety
Pelmear, Dr. P. L., Director, Occupational Health Branch
Robinson, Dr. A., Assistant Deputy Minister, Occupational Health and Safety Division



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy

First Session, 33rd Parliament
Wednesday, January 8, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Hayes, P. (Essex North NDP)
McGuigan, J. F. (Kent-Elgin L)
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 8, 1986

The committee met at 10:09 a.m. in room 228.

ESTIMATES, MINISTRY OF ENERGY

Mr. Chairman: I see a quorum. We are here to examine the expenditure estimates of the Ministry of Energy. We have been allotted 16 hours to deliberate these estimates, so we shall proceed.

It is traditional to begin with an opening statement by the minister and responses by the two critics. Are there any comments before we begin? All right, are the 16 hours still in agreement?

Mr. Charlton: We had a discussion with the minister on Monday evening and came to an agreement at that point to cancel the sitting last evening, as you are aware, and as a result of that came to an agreement to reduce the times by two and a half hours from last evening on the understanding that we would all reduce the length of our opening statements.

Mr. Chairman: The minister is in agreement with that.

May I make a special plea on behalf of the members of the committee that there be better consultation with the committee when there is a change in the scheduling. It is not fair to out-of-town committee members, for example, who made arrangements to be here last night and then found the committee was not sitting. That is unfair to members of the committee.

Let us proceed.

Mr. Gordon: I want to clarify something. Who were the people involved in this decision? Was it somebody from our party?

Mr. Charlton: The two critics. The member for Burlington South (Mr. Jackson) was involved in the decision.

Mr. Gordon: Fine, no problem.

Hon. Mr. Kerrio: If I may respond to that, the agreement we entered into to accommodate Mr. Jackson was one we agreed on and I was certain it had been circulated. I would raise a question. I was asked in the House yesterday during question period about the agreement and passed that on to our House leader who, in turn, seemed to have gone from there to circulate the agreement.

I am disappointed and I apologize if there was any shortcoming on our part. I thought everyone got the message. I apologize to you, Mr. Chairman, because we had made the agreement and we thought you had been notified.

Mr. Gordon: It meant he had to cross-country ski for two extra hours. That bothers him a great deal.

Hon. Mr. Kerrio: Having said that, the agreement was that I would reprint my opening statement and reduce it from two and a half hours to one hour, depending on the interjections.

Mr. Chairman: I am sure, knowing this committee, there will be none.

Hon. Mr. Kerrio: It is my pleasure to present the Ministry of Energy estimates for the current year.

As the former opposition critic for Energy, I have attended estimate committees before. However, I must say this is the only time I can recall having been able to have something to say in the first instance.

What I would like to do is to provide you with a good overview of the Ministry of Energy's activities to tell you about some of the things we have accomplished and why they are so important to Ontario. Then I would like to give you an idea of some of the things we hope to accomplish in the years ahead.

First, let me tell you where I came from as the Minister of Energy for Ontario. As you know, I am a hands-on person. I have a business background and I came from Niagara Falls. My approach to energy is not academic and theoretical. It is very practical and based on common sense.

Business, especially manufacturing, drives the Ontario economy. In turn, manufacturing, as well as most of our industry in this province, is driven by energy. I have a small businessman's sense of how important energy is, of its tremendous importance in our daily lives. As someone who has lived in Niagara Falls for a good many years, I also know that Ontario's home-grown energy potential is large by any standards.

For many years, we capitalized on that potential extremely well. We enjoyed low energy prices, largely because our forefathers were able

to harness that great potential. I firmly believe we can continue to cash in on the untapped potential that remains.

I also know that energy issues are very complex. A lot of this complexity has to do with the fact that energy is a vital raw material, a very valuable commodity in our industrialized society.

The complexity also stems from the fact that Ontario must import much of its raw energy supplies from outside the province. On a national scale, our country is rich in energy resources. In fact, Canada is a net exporter of energy. Several Canadian provinces are blessed with significant resources of crude oil, natural gas and coal. Quebec, like Ontario, possesses vast hydroelectric resources and is also rich in uranium ore. Compared to Canada, some nations have almost no energy resources of their own. We are very well off, but I believe we can use our energy resources much more wisely by placing a greater emphasis on conservation.

In today's climate, where the world price of oil is falling and where we have seen a significant increase in energy conservation, there is a tendency for people to become complacent. I do not believe we can afford to wait until another crisis situation propels us towards more efficient energy use. Incidentally, the Organization for Economic Co-operation and Development agrees with this view.

The organization's international energy agency recently reported that Canada is among the worst—if not the worst—of the industrialized nations on earth when it comes to energy efficiency.

We have improved our energy efficiency measurably, but other industrialized nations have improved much more. We compete directly with many of these nations in the international marketplace and that means we have to keep pace with them to stay competitive.

Energy represents one of the major costs of doing business in our industrial and manufacturing sectors. If we can cut our energy costs, we can either use the money we save for something else or we can produce more goods and services at the same cost. It is as simple as that.

For these reasons, I have always been, and continue to be, a strong supporter of energy conservation. We are doing a great deal to promote more energy conservation in Ontario, but there is much more we should, and will, be doing.

I have been Minister of Energy for about six months. During that time, I have learned and

spoken about a wide range of issues. We will be discussing many of them over the next several hours.

In introducing the ministry's estimates, I want to touch on three issues that have been the focus of considerable attention since I became minister. These issues also serve to highlight the approach the new Liberal government is bringing to these matters.

The three issues are: natural gas pricing and exports; the new role and relationship between the government and Ontario Hydro; and our review of the government's energy investments.

On the issue of natural gas, I have spoken out vigorously on behalf of Ontario consumers. I have strongly advocated fair prices and long-term security of supply.

In the weeks leading up to the recent agreement on natural gas prices, we in Ontario pressed hard for lower, market-oriented prices. We also sought the opportunity to have full participation in the discussions that were then taking place.

I made Ontario's views known to the federal minister and to the ministers from the natural-gas-producing provinces in face-to-face meetings, telephone calls, correspondence and in public statements. So far, we are still seeking to participate as full partners in the resolution of these important issues. We have not been successful, but we have not given up either.

I am a great believer in the ability of the free market system to determine a fair value for natural resources. I would like to see more competition and a greater emphasis on the open market, right across the resources sector in Canada.

Today, lower natural gas prices are being determined by market forces—at least where they are allowed to operate. Lower prices simply reflect the reality of current supply surpluses and actual gas costs.

The recent announcement by Union Gas Ltd. that it has arranged for a small supply of imported United States gas is significant in this regard. The company purchased the gas at a price significantly lower than the current frozen price for Canadian gas supplies. That is an excellent indication of the new realities of the marketplace, something my deputy had anticipated a little while back.

We must maintain some flexibility when it comes to gas supplies. At the same time, I want to make it clear that we are not abandoning Ontario's commitments to natural gas supplies from western Canada.

10:20 a.m.

We are now, and I expect we will continue to be, a major and growing market for western Canadian and, eventually, frontier natural gas. This is quite clear from the position we have taken on natural gas exports. In a recent hearing before the National Energy Board, the Minister of Energy made it clear that Ontario needs long-term supply security when additional gas exports are being considered.

At the hearing, the ministry stated forcefully that it is neither wise nor necessary to reduce the level of protection to Canadian consumers provided by the current domestic protection tests. It is not wise because of the great uncertainty about the future directions of our natural gas supply and pricing arrangements, and it is not necessary because natural gas producers are not even able to export at the levels permitted by the current licences.

During the past several months, Ontario has provided leadership in the area of more market-oriented pricing. For example, we have asked the Ontario Energy Board to establish transportation rates for large gas users so these customers can take advantage of lower-cost, direct-purchase arrangements.

As a result, the OEB has announced that it will conduct public hearings on transportation rates. These will be held early this year. The chairman and the members of the board will be present during these estimates to provide you with more details on this matter.

As you know, the takeover of Union Enterprises Ltd., the parent company of Union Gas Ltd., by Unicorp Canada Corp. was the subject of Ontario Energy Board hearings last year. The OEB report on the hearings was submitted to the cabinet on August 2 and released shortly thereafter.

The report recommended: (1) that the takeover not be rolled back, on the basis of evidence submitted to the board; (2) that Unicorp and Union Enterprises be required to provide certain guarantees and undertakings to ensure adequate protection for Union Gas and its customers; and (3) that section 26 of the Ontario Energy Board Act be amended to require a hearing when more than 20 per cent of any class of shares of a gas utility, its parent or its grandparent changes hands.

Since the board handed down its report, the government has talked with Unicorp, Union Enterprises and Union Gas. The discussions concerned the guarantees and undertakings that might be entered into by the parent and holding

companies with respect to their Union Gas subsidiary. We are awaiting their response. I should also point out that alternative means of regulating gas utility ownership and activity are under consideration.

We will not make a final decision concerning section 26 of the Ontario Energy Board Act until all aspects of the issue, and there are a great many, have been considered carefully. I expect to present amendments to the Ontario Energy Board Act in the spring. These issues—natural gas pricing and distribution and natural gas exports—will continue to be matters of vital interest during the coming months.

Let us now turn to the activities of the select committee on energy. In my appearance before the select committee last October, I discussed the new government's expectations in its relationship with Ontario Hydro. As you know, the report of the select committee was tabled early in December by its chairman. I want to take this opportunity to congratulate the members of the committee, who have come to terms quickly with a very complex and controversial subject.

The committee's perspective on energy conservation, future generating capacity and the accountability of Ontario Hydro has long been shared by most of us on the government side.

One of the important issues the committee addressed was the Darlington nuclear plant. The select committee's report suggests that at this point economic arguments support completing Darlington, although it recommended further examining options relating to units 3 and 4.

The committee concluded that, given Hydro's other options, Darlington is not needed to meet demand until 1997 or later and that Darlington is desirable but not necessary to meet acid gas emission standards. These points are clearly related, especially in the light of the recent new regulations on acid gas emissions announced by the Minister of the Environment (Mr. Bradley).

The select committee also recognized that Darlington has a major part to play in Hydro's being able to meet the government's new acid gas limits. The government will be reviewing the recommendation regarding the completion of Darlington units 3 and 4 in the light of these new acid gas limits.

Ontario Hydro has identified shortcomings in the electrical transmission system in southwestern and central Ontario. As a result, Hydro has proposed an expansion of its bulk power transmission system in those areas. This expansion will enable Ontario Hydro to meet the

demand for electric power in the area until the year 2000.

The expansion program will also allow the full incorporation of the Bruce nuclear power development into Ontario's bulk electrical system. This will allow Ontario Hydro to maximize its energy production from its committed nuclear generation resources and will reduce the use of imported fossil fuels.

I am pleased to report that progress is being made in obtaining approval for the new transmission lines. Ontario Hydro has submitted its new environmental assessment and this has been reviewed by government ministries. A public hearing before a joint board established under the Consolidated Hearings Act got under way in Guelph on November 13, 1985.

The approvals process is a lengthy one, but this government sincerely believes public participation is vital in decision-making of this kind. The Ministry of Energy will be appearing before the hearing later this month.

I would like to touch briefly upon the third major issue I mentioned earlier, the subject of energy investments by the province. Many of the government's investments were undertaken in a very different energy climate, at a time when there was widespread concern about energy supplies and prices.

Today, most people would agree that we have adequate energy supplies for a long time to come; so our energy concerns are quite different. Today, energy costs and energy efficiency are most important because of the role they play in Ontario's ability to compete in the international marketplace.

With this in mind, the government plans to dispose of its direct investments in oil and gas. This will include disposal of the Suncor shares and other oil and gas assets, as well as discontinuing funding for the Polar Gas Project.

The venture capital and other investments of the Ontario Energy Corp. will be examined individually and either retained or disposed of as appropriate. In addition, James Bay mineral exploration will no longer be carried out by the corporation. In fact, my expectation is that the Ontario Energy Corp. will be wound down over the next six months or so.

Similarly, the Institute for Hydrogen and Electrochemical Systems is being wound down. The ministry has offered its support to make certain that all staff of the institute are treated fairly and equitably and to preserve those projects being supported by the private sector that are of significant benefit to Ontario.

In winding down these agencies, the government will be seeking to realize maximum value for our past investments. At the same time, we are releasing funds that will be applied to new energy initiatives for Ontario.

These initiatives required tough decisions, and the new government of Ontario was not afraid to make them. These are some of the major policy issues we have dealt with over the past few months. Now I would like to fill you in on some of the areas we will be moving on to address in the months ahead.

This government is committed to ensuring the widest possible public participation and involvement in developing new policies and plans for tomorrow's energy situation. This commitment reflects our open-government philosophy and is one of the reasons the Legislature established the select committee on energy.

As part of this commitment, we issued at the select committee two major papers on the theme of Energy 2000 and hosted a conference late in November on the same theme. Those two papers are in the information kit we either have provided or will provide to you today. Let me highlight for you some of the conclusions drawn from these studies.

10:30 a.m.

Investments in new technologies and new energy-efficient capital stock will permit dramatic improvements in energy efficiency, enhancing productivity and strengthening our industries' competitiveness in international markets.

Demand for all major energy forms will grow more slowly than in the past, resulting in intensely competitive markets.

Electricity demand will grow faster than the demand for other energy forms, and Ontario Hydro will face a challenge to keep costs and prices down, to capture new markets and new high-technology applications for electricity.

To meet additional electrical needs in the late 1990s, Ontario will have several choices, including new hydraulic facilities, purchases from other provinces, alternative generation and a variety of demand management and strategic conservation options.

As new Canadian crude oil supplies become more costly to extract, Ontario—as the major consumer in Canada—must balance the higher cost of supply security against the cost of imported oil, which may be less expensive.

Ample supplies of natural gas will be available, but new nonconventional reserves will have higher costs. Meanwhile, market sensitivity to

the surpluses we have today should dictate lower prices for all Ontario consumers.

The prospect for renewable and alternative energy sources is for relatively slow growth, compared with the expectations of a few years ago. Healthy growth in some market areas, however, will allow our experience with these sources to be developed, standing them and us in good stead in the long term.

As a result of these projections, we will be undertaking a number of new energy policy initiatives in the coming months.

For example, the government will be issuing a new policy on energy conservation. Among other things, the new policy will provide direction to Ontario Hydro on load management, strategic conservation and other energy-saving and energy-efficiency programs.

Another issue we will deal with is making electricity more widely available to the people of Ontario who live in remote communities in northern Ontario. The most pressing problem is to provide power to established communities that do not currently have community power systems.

For example, approximately 20 eligible native communities are waiting for power in the north. In addition, one non-native community, Collins, is also eligible for service under the existing policy, since it has more than 25 customers.

Our policy review has one major goal in mind: to get the job done and to get electricity to these northern communities. A secondary goal is to ensure that the federal and provincial governments and Ontario Hydro are bearing a proper proportion of the responsibility for providing public power to remote areas.

I have requested Ontario Hydro to be the lead agency in this initiative, and Hydro has responded very positively to this direction.

Another issue we will be getting into is pricing differences for gasoline between northern and southern Ontario.

As you know, retail prices for gasoline are not regulated in Ontario. In a situation where there is declining demand and surplus supply, some refiners and retailers are attempting to protect or increase their market share in gasoline sales by dropping the price to sell larger volumes. As a result, intense local market competition often results in discounted prices for gasoline to consumers during price wars.

However, consumers in northern Ontario and other isolated or remote areas have had fewer opportunities to purchase gasoline, as well as many other products or services, at discounted prices. Ministry of Energy surveys show that

gasoline prices are consistently higher in northern Ontario and that the pricing climate is much more stable.

In his speech of July 2, 1985, the Premier (Mr. Peterson) announced a study of the difference in gasoline prices between northern and southern Ontario. This study is being conducted by staff at the Ministry of Energy, in co-operation with the Ministry of Northern Development and Mines.

The final report of the study is currently being written, but I can tell you the causes for differences in prices can be broadly classified into three groups: differences in wholesale costs, primarily because of transportation; differences in retail costs, because of the lower average volumes for outlets in the north; and differences in market conditions such as market size and population density.

When the study is completed, it will be considered by cabinet and I expect the results to be published within the next month or so.

I have already stated my belief that we in Ontario are dangerously close to becoming complacent about the future of our energy supplies. Because we are no longer being bombarded with news about imminent threats to these supplies, many people believe we no longer have to worry. Nothing could be further from the truth.

The need for government commitment and support for energy conservation programs and technology development has never been greater. Soft energy prices are here for the present, but there is no guarantee they will remain so. It is vital that this government promote and encourage sound investments in energy efficiency and new energy technology by Ontario companies and others in the private sector. We must also continue to educate our citizens to be energy wise.

We must foster the permanent structural change in energy and in the ways we use fuel in our key economic sectors. This will ensure that we will be efficient and competitive in the future. As well, we must work to promote less expensive public sector services, again by improving energy efficiency and reducing energy costs.

We must develop an environment that leads to new business opportunities in energy conservation and energy technology, enterprises that can be developed right here in Ontario. Last, but by no means least, we must work to reduce the environmental effects of energy use in Ontario.

In the months and years ahead, I see the ministry co-operating more with the private sector, becoming more of a facilitator to mobilize

the private sector, financial, business and technical resources we will need to accomplish our goals.

The ministry is currently revamping many of its programs to ensure their continued relevance, to provide even greater accessibility and to increase levels of service to the people of Ontario. We are building on our past successes and focusing efforts where the need and demand for services and assistance are greatest.

The ministry's 1984-85 annual report, which also was or will be provided in the information kits, provides an excellent overview of the ministry's recent activities and achievements. In the current year, we are increasing emphasis in three major areas: consumer, residential, commercial and public sector conservation; industry and transportation energy productivity improvements; and energy technology development.

I would like to touch on a few highlights of our current and planned activities in each of these areas. In the consumer and residential areas, we are continuing the very successful HeatSave and HeatSave North home owner advisory programs. This fall and winter, HeatSave clinics are being offered in London, Collingwood, Brampton, Bracebridge, Gravenhurst, Orangeville, Dryden, Ignace, Sioux Lookout, Cochrane, Iroquois Falls and Smooth Rock Falls.

As well, we are expanding the time we spend in each community to reach even more home owners. HeatSave clinics in northeastern Ontario will be staffed with local French-speaking residents. In all our clinics throughout the province, local unemployed people are hired and trained to deliver energy advice to their community.

We have also enhanced the northern program with AutoSave, our car owner advisory service. A certified mechanic provided by the Canadian Automobile Association analyses the car for energy efficiency and offers advice on cost-cutting measures. So far this year, AutoSave car efficiency clinics have been operated in conjunction with HeatSave North in Ignace, Sioux Lookout and Dryden.

This past summer, the government announced a joint program called Draftproof Ontario, sponsored jointly by the youth secretariat division of the Ministry of Skills Development and by the Ministry of Energy. The program helps low-income home owners and Ontario Housing residents by draftproofing and weatherizing their homes. It will substantially lower the heating costs in these homes, directly benefiting hun-

dreds of low-income families across the province.

10:40 a.m.

The ministry recognizes that energy conservation is also important for buyers of new homes in Ontario. This year, we will continue to work with the federal government and the building industry to promote R-2000 low-energy homes.

In this area we have supported projects such as the recently completed Bellair town home development in Mississauga. With 82 units built to the R-2000 standard, Bellair is the largest such project in Canada. So successful has the R-2000 concept become that the developer, the Daniels Group of Toronto, is planning a second phase to include 120 houses built to the R-2000 standard.

This year, an extensive monitoring program of R-2000 homes is being carried out in four areas of the province, using the services of an independent expert monitoring contractor. This will ensure the quality of R-2000 building techniques and will allow for any problems to be solved quickly.

To train builders in low-energy housing techniques, the ministry has undertaken a pilot low-energy building course in co-operation with George Brown College. The course was offered at the college last winter and is being reviewed for potential acceptance by other colleges across the province. The ministry is also supporting the development of further training programs for the building trades in co-operation with TVOntario.

To encourage greater acceptance of low-energy housing and to provide incentives for the design of such homes, it is important to get the message out to the future architects and designers of Ontario. This year, the ministry sponsored an R-2000 design competition at 14 colleges and universities in Ontario that offer architectural and building courses. The first competition is now under way, and they will continue each year for the next five years.

We are also launching community outreach activities designed to promote energy conservation. To create greater awareness of the opportunities for renewable energy systems in northern Ontario, the ministry is funding four renewable energy demonstration projects this year at Science North in Sudbury.

At the Kortright Centre for Conservation here in southern Ontario, the ministry has provided financial assistance to the Metropolitan Toronto and Region Conservation Authority. With this assistance, the authority is developing one of the most comprehensive renewable energy demonstration sites and conservation education pro-

grams in Canada. I visited the centre last October to assist with the opening ceremony for Canada's largest photovoltaic test site. This prototype system, if it tests out successfully, has great potential for power generation in the north.

At the Ministry of Energy, we recognize that tomorrow's consumers are just as important as today's. That is why our educational programs for schools are in such great demand. The ministry's energy conservation play, called *The Conserving Kingdom*, is especially popular. It is now entering its second season, with three separate companies of travelling players touring Ontario this winter. This year, we have added a French-language version and are producing film versions of the play in both French and English. We want to ensure as many children as possible learn about the value of conserving energy.

Besides assisting the developing of energy-related curricula for Ontario schools, the ministry is continuing to fund Energy Educators of Ontario, an organization of educators who teach energy conservation in the classrooms. We are also encouraging this organization to develop strong ties in the teaching community and to get more actively involved in fund-raising to promote their growth.

The ministry also has a program aimed at adult students. Our DriveSave seminars are tailor-made for fleet managers and driving school instructors and help them teach students and fleet drivers about energy-saving driving techniques and alternative fuels technology. In the first six months of the program, 74 fleet managers were trained, representing almost 9,000 vehicles, with reported savings of up to 10 per cent in energy costs.

Still in the skills training area, the ministry provided a grant to Centennial College in Scarborough to purchase and install alternative transportation fuels technology equipment. The equipment will be used to teach automotive mechanics how to service vehicles powered by alternative transportation fuels, particularly propane and natural gas. We hope tomorrow's mechanics will be better prepared for their jobs, thanks to this support.

Our municipal conservation programs continue to be oversubscribed and are achieving enormous success. The theme of these programs is "Communities Taking Charge."

Over the past few years, many larger municipalities have realized that good energy management is also good business. However, many small and rural municipalities still need help in energy management. The ministry is committed

to reaching out to these municipalities, to offer whatever advice and assistance we can.

We are also committed to improving the service we offer to municipalities. We have recently computerized our grant programs, and have begun a study to determine how our municipal programs can be further streamlined. As well, we are encouraging greater conservation investment in provincially sponsored agencies and institutions.

For example, at London's Victoria Hospital a new energy-from-waste plant will soon burn 270 tonnes per day of municipal solid waste to produce steam, hot water and electricity for use at the hospital's Westminister campus. The ministry provided capital support for the project as well as technical advice and guidance.

Because recreation buildings are major energy users in municipalities, the ministry has assisted 125 projects in arenas and pools in 82 Ontario municipalities, resulting in tremendous energy savings for local ratepayers. For example, the city of Nepean recently installed a computerized energy management system in its Sportsplex recreation centre with ministry assistance. The system is saving the city about \$35,000 per year.

Government buildings and other large structures are also benefiting from some of the new high-efficiency natural gas boilers that were developed by the Canadian Gas Research Institute with assistance from the ministry. These boilers are more efficient and their innovative pollution control system virtually eliminates boiler acid emissions.

Municipal public transit is very important to many citizens. We are working with municipal transit authorities on technology to save fuel costs by using less expensive alternative fuels. The ministry recently inaugurated an alternative fuels project in co-operation with the federal government, Union Gas Ltd. and the Hamilton Street Railway Co.

In this project, six diesel-powered buses in Hamilton are being converted to run on natural gas. The project will help tell us how well natural-gas buses perform in daily service and will give researchers some much-needed data on the potential of natural gas as a transportation fuel. We have also worked with the Ottawa-Carleton Regional Transport Commission in the first commercial demonstration of 15 propane-powered transit buses, which appears to show significant saving in operating and fuel costs based on a year's pilot project.

Industry and transportation are vital components of the Ontario economy, and the Ministry

of Energy plays an important role in advising companies how to decrease their costs through greater energy efficiency. For example, our annual TruckSave fuel economy challenge is well known in the trucking industry. Truckers compete on selected stretches of highway in the challenge, which is designed to show truckers how to increase energy efficiency and reduce fuel costs. More than 300 truckers competed in the September 1985 run.

On the industry side, one of the most important messages we want to convey is that the key to improving energy efficiency is to install more efficient equipment when old equipment needs replacing. Our audits show that through low-cost options, such as retrofits, some 20 per cent of Ontario's industrial energy costs can be saved. Such energy-efficient applications in industry will lead to permanent structural changes and enhance Ontario's competitiveness in world markets.

10:50 a.m.

The ministry encourages energy efficiency in industry and supports Ontario-based equipment suppliers in many ways. In one project, for example, the ministry provided capital support to help install a high-velocity, billet-heating furnace in a Chatham aluminum extruder factory. This unit will result in more than 50 per cent energy saving over conventional billet-heating furnaces.

I should also mention the ministry's small hydro program in this connection. The program is an excellent example of how government support can encourage the growth of an infant industry. In 1980, there was only one small hydro manufacturer in Ontario—and it was a small hydro manufacturer at that. Today we have two world-class turbine manufacturers as well as an excellent engineering infrastructure. This transformation was largely brought about by the Ministry of Energy and the government of Ontario.

The climate for small power production in Ontario has changed drastically in the last few years. The government has introduced a number of measures to encourage private sector development of Ontario's small hydro resources.

These measures include new policies to encourage private developments on crown-owned sites; a streamlined approval system for new installations; and a new policy from Ontario Hydro to purchase power from parallel generators at attractive rates.

Lastly, there is the Ministry of Energy's small hydro encouragement program. There are two

components to the ministry's small hydro program: a municipal component and a northern component. The municipal part of the program supports municipalities, public utility commissions and conservation authorities by helping with feasibility studies and turbine inspections at existing plants.

The northern part of the program provides assistance to commercial and industrial enterprises in remote areas of the north not connected to the provincial utility grid. This part of the program helps those operations discontinue the use of costly diesel generators.

In March of this year, the ministry is sponsoring Small Hydro '86, a four-day conference that will bring together municipalities and consulting engineers to discuss the future of small hydro development.

Ontario's farming community also benefits from ministry programs. Under the ministry's greenhouse energy efficiency incentive program, about one-third of Ontario's greenhouse operators have upgraded their facilities since the program began a couple of years ago. This upgrading has resulted in operators saving on energy costs and increasing production. Exports of Ontario greenhouse products have increased by one third since 1982 and now are in excess of \$25 million per year.

The commercial grain-drying sector is another area of agribusiness where significant gains in energy productivity are being made. Through the ministry's grain dryer retrofit assistance program, more than 20 large grain-drying operations have now installed computerized control systems and reduced fuel use by more than 15 per cent. An added bonus is that their product is now of a more uniform quality.

One very important aspect of the ministry's role involves bringing together suppliers and users of new energy-efficient equipment, processes and vehicles.

By encouraging energy research, the ministry assists the private sector and the academic community in developing new energy technologies. By assisting the demonstration of these technologies, the ministry also helps develop them to the point where they can be marketed.

Several of these new technologies have great potential in Ontario. Let us take a look at the ministry's involvement in the area of alternative transportation fuel technology.

In the past, the ministry has focused on supporting the development of new equipment and on helping to demonstrate the ability and reliability of alternative fuels.

Much of this work has been cost-shared with other governments, with vehicle and equipment manufacturers, with utilities and end users. The work is intended to provide options for Ontario, as well as to displace oil and to help reduce the environmental impacts of transportation.

Some of our more recent projects have included the development of propane equipment for Chrysler vehicles; the development and testing of modified diesel engines for heavy truck transport; the development of alcohol fuel blends for automobile use, in co-operation with the Ministry of Transportation and Communications; and participation in national technology development and marketing committees for natural gas vehicles.

In one of these projects, the ministry is participating in a demonstration project with Ford Canada and Shell Canada to develop and evaluate the concept of a flexible-fuel vehicle that runs on either methanol or gasoline. The project has particular relevance to Canada because the research is emphasizing cold-climate operation conditions. Success in commercialization of the flexible-fuel vehicle will offer a distinct marketing advantage for the Ontario automobile industry.

This year we are encouraging market entry and adoption of new equipment and new energy technologies on a much wider scale than ever before. Some of the important activities include industrial cogeneration, gas and electric process equipment, energy recovery from waste, alternative fuel vehicles and the commercial development of Ontario's economically viable small hydro potential.

The ministry is especially sensitive to the needs of northern Ontario residents since their energy costs are high. One of the things we do is assist demonstration projects that produce energy from nontraditional sources. A good example is the Chapleau district heating cogeneration project. This private sector project will burn waste wood generated by three mills in the Chapleau area and produce some 45 million kilowatt-hours per year of electricity, which will be purchased by Ontario Hydro.

The ministry is involved in a cost-sharing research and development project with the St. Lawrence Starch Co. Ltd. of Mississauga. The project involves producing ethanol from raw materials such as wood, but the aim here is to produce it at a price that would be sufficiently low for ethanol to be used as a motor fuel or octane enhancer.

As you can imagine, energy technology research and development are vulnerable to swings in the world energy environment. Large companies are naturally somewhat reluctant to invest in research and development at a time when oil prices are low and supplies are adequate.

Some technologies have definitely fallen victim to the lower price outlook and have proved to be more than slightly ahead of their time. One example is hydrogen technology, and that has led to the winding down of the Institute for Hydrogen and Electrochemical Systems, which I mentioned earlier.

In the years ahead, no doubt there will be other projects and experiments that do not work out. That is the nature of being on the leading edge of technology, but that is no reason not to be there. The considerable successes in other areas ensure that taxpayers get value for their investment in energy technology.

Most experts believe that oil prices will begin to rise again in the 1990s and that periods of shortage and price instability will become common in the next decade. Research and development work must continue today to prepare for these changes. Government has an important role to play in that preparation. Government assistance provides risk-sharing and, perhaps more important, tangible evidence that innovative projects are worth while.

Over the past few years, the ministry has quietly helped Ontario companies to develop some very exciting projects. Now it is time to ensure wider accessibility of assistance and, we hope, to enhance the level of private sector investment in this area, since it is so vital to our future. In the future, our emphasis will be on projects with strong economic development potential, as well as areas such as bioenergy technologies, fuels, electrotechnologies and renewable and advanced energy systems.

An example of such a project is the plasma extended arc reactor furnace for use in metallurgical applications. This system, partially funded by the ministry as well as by Howden International Ltd., was invented at the University of Toronto. It has now been installed at the Ontario Research Foundation in Mississauga. Plasma technology also has great potential for use in the destruction of hazardous waste and conversion of municipal solid waste into fuel.

11 a.m.

A heat pump that uses lake water to heat and cool a commercial office building is another project we have recently begun. The project is

funded jointly by the ministry, the federal government and the owner of Toronto's Queen's Quay development. The system is expected to save 25 per cent of conventional energy requirements and can use either lake or river water. This is to cool the water down from the nuclear reactors.

Mr. Chairman: I appreciate the explanation.

Hon. Mr. Kerrio: In 1982, the ministry helped to establish the Canadian fusion fuels technology project in co-operation with the federal government and Ontario Hydro. The goal was to develop Canadian expertise in fusion fuels technology and to capitalize on experience gained in handling tritium.

This five-year project has already accomplished a number of things during its first three years. These achievements include sharing research with other fusion projects and significant job creation, producing some 50 technical reports and sponsoring a tritium safety course, with 65 participants from eight countries.

We are working with the Canadian Gas Research Institute to develop new pressurized combustion systems and more efficient industrial gas burners. We are also working with the institute on an effective refuelling system for natural gas vehicles. This research will improve the efficiency and safety of gas and will be used to produce standards and codes to ensure public safety.

In an attempt to attract more technology development proposals from smaller companies, the ministry recently introduced EnerSearch, a new technology development program that will be funded from existing ministry allocations. The program is designed to encourage more energy technology research, development and demonstration by funding up to 50 per cent of the net cost of the projects.

To show what Ontario can do in the field of energy research and technology, the ministry sponsored an energy technology forum and exposition as part of the Energy 2000 conference. Over 40 companies, many of which have worked or are currently working with the ministry, exhibited their energy products and services.

The exhibition was interesting, and not just because of the fascinating array of energy equipment and technologies that were on display. It also showed that we have a whole industry in this province that can supply energy technologies, products and services to the Ontario, Canadian and world markets. These people need and deserve our support. The

ministry is committed to making sure that they get it.

I have tried to give you a good idea of some of the new directions I will be emphasizing for the Ministry of Energy in the coming months. We will continue to promote energy conservation in Ontario. We will continue to encourage the development of new forms of energy technology to provide vital options for the province in the years to come.

The ministry will continue to provide the government with expert, unbiased advice on energy policy and will work with its associated agencies and boards to ensure that Ontario's energy future is secure, that energy supplies are reasonably priced and that energy matters in Ontario are well managed.

We will continue to reach out to all Ontarians and to promote energy conservation throughout the province. We will work to ensure that the ministry's programs and activities continue to be relevant and accessible to the people who need them most. I am confident that the ministry will continue to fulfil a vital role in Ontario's energy future.

Thank you very much, Mr. Chairman. Here are the kits. I think you have one already.

Mr. Chairman: Yes.

Hon. Mr. Kerrio: I would like to pass them out. I am very anxious, of course, to have the critics respond to the statement and also to become involved in going over expenditures and all those things that relate to policy and the future of our ministry.

Mr. Chairman: I am sure the critics will have something to say. I believe Mr. Gordon is speaking on behalf of his party.

Mr. Gordon: Yes. Our critic, the member for Burlington South, unfortunately could not be here today because of illness. He wanted me to inform the minister and the committee of that.

You are no doubt cognizant of the fact that Mr. Jackson spent a great deal of time preparing for these estimates and, being a new member of the Legislature, approached the task with a great deal of enthusiasm. It is a pleasure today to be able to present his views to the minister.

As the member for Sudbury, I am pleased to see that you are going to be involved with Science North, a very great and new science centre on the Ontario horizon, and we are looking for a great number of tourists to visit our community as a result of it. The ensuing jobs are something that we in Sudbury appreciate a great deal.

To get down to the matter at hand, I would like to take this time to thank the minister for his remarks. I admit I am not sure I have been able to digest all of it, and parts of it will undoubtedly require further inspection and reflection from all of us.

None the less, he made a number of comments which surprised me, some pleasantly and some not so pleasantly. I hope to be able to expand on these points and discuss them in greater detail later. Right now I would like to address something which has been a cause for concern among the members of my caucus. Many of my colleagues have cautioned me that the bulk of the estimates which we are reviewing were originally developed and approved by the Progressive Conservative government earlier this year.

Hon. Mr. Kerrio: I heard that.

Mr. Gordon: Yes. It is always good to have some of your homework done by other people. We do not want to say that you have not applied yourself very diligently. At least, I would not say it. I have been warned to tread carefully in my criticisms.

Interjections.

Mr. Gordon: However, it is my understanding that the present government has changed some of the estimates to reflect some of its new initiatives, and these were subsequently published in supplementary estimates.

As you did not make any substantive changes to the Energy estimates as developed by us, I can only assume that you actually liked our estimates. These estimates, as far as I can tell, are not substantially different from the estimates which were prepared for fiscal 1984-85.

I have been told by the member for Lincoln (Mr. Andrewes), whom you know very well—I think he hails from the same part of the country as you do—that you were not at all happy with the 1984-85 estimates. We are expecting to some day be in the same position. In fact, you were able to find many areas where, in your opinion, there was room for improvement. But now, here we are looking at basically the same stuff—a few increases here, a few decreases there—only you are the one defending this time.

I hope you do not mind, but in preparing for my remarks today I took the liberty of reviewing the statements which you made to this committee in October and November of 1984. There were a number of items which you believed could be improved upon.

You were most concerned about the fate of the government's energy policy as outlined in the document, *Energy Security for the Eighties*. You

were concerned that the government was abandoning this policy. You felt that more money should be directed to programs designed to achieve the stated goals, notably conservation and renewable energy.

In this year's supplementary estimates, now that you have the opportunity to do something about it, I do not see where you have substantially increased funding for these programs. It is my understanding that a number of the conservation objectives which were originally established in 1980 have been met. In fact, some have been surpassed.

11:10 a.m.

Given your often-stated concern for the future of energy conservation, I would like to know in greater detail whether you plan to update these original objectives and perhaps develop new goals and targets for the province. I should also like to know whether you now hold the opinion you espoused during the last Energy estimates concerning the role of the private sector and the development of conservation and renewable energy technology.

I am inquiring, since it appears you cannot count on something a Liberal may have said in opposition as still being part of Liberal policy platforms or beliefs.

Hon. Mr. Kerrio: That is good stuff.

Mr. Gordon: I knew you would like that. I felt this was the kind of stuff you appreciate.

Hon. Mr. Kerrio: You have to be prepared to sharpen the stick at both ends.

Mr. Gordon: I believe that a young Liberal assistant to one of your colleagues put it quite succinctly when he told a group of concerned citizens that what was promised in opposition was not necessarily possible when in government. Consequently, I must ask whether you intend to establish any new major initiatives to encourage further development in investment by the private sector in conservation and renewable energy technologies.

I find I must ask these questions, not only because I doubt the validity of promises made by Liberals when they were in opposition, but also because I can find nothing in the supplementary estimates which indicate that you are prepared to boost the resources of the energy management and technology section of the ministry.

On our program of 1984, you stated, "I think it is very important that you not cut the budget lines for conservation and renewable energy." I am sure you remember this. "In fact, they should be

increased by four per cent, the current rate of inflation."

However, now that you are the minister and can adjust the budget for these programs, you have failed to do so. Perhaps I am expecting too much, too soon. I would hope that you could, in the next few weeks, at least clarify your future intentions regarding funding for these programs and whether you will, in next year's estimates, follow through on your commitment and increase funding by four per cent.

On a larger scale, I am interested in knowing whether you intend to introduce a new comprehensive energy policy or strategy for Ontario, one that will encompass many of the ideas and concepts put forth by yourself and your colleagues when you were the official opposition.

It was with particular interest that I read the Energy 2000 documents put out by ministry last fall. It is my understanding that these documents were to form the basis of discussions on future energy policy. Yet I found a considerable amount of the information contained within them appeared to be in direct contradiction to many of your assertions as the former critic.

For example, the document suggests the price of electricity will remain stable, if not decrease, through to the year 2000. I am afraid I am unable to understand how you could endorse such statements when you have tried for years to convince the public otherwise. I would be interested in knowing what changed your mind. What has caused you to come around to our way of thinking?

This is just one example of what I believe to be a myriad of crossed signals regarding your energy policies. I must admit that I am confused. I do not know what your long-term plans are and I believe the people of Ontario do not know either. Consequently, you should make an effort to outline clearly your future energy strategy for Ontario as quickly as possible in order to dispel this apparent confusion regarding your position.

The citizens of this province deserve to know what your overall plan entails and how you envisage your plan will be implemented. For instance, I am sure the people of Ontario would like to know whether you will remain committed to your previously stated policy of phasing out nuclear energy from our electricity or electrical grid.

In January of 1984, at the seminar hosted by your party, your leader said: "I do not see it as an end. I see it as something to tide us over until we get to the ultimate energy solution. A provincial Liberal government would halt production of

nuclear power plants and let existing plants live out their 30- to 40-year lifespan."

This is a vital point. If the minister intends to stop building nuclear power plants and permit those currently in operation to be retired, what kind of electrical generation are you going to use in their place? What, in your opinion, is the ultimate energy solution? Do you expect the people of Ontario to have blind faith? Do you expect them to believe as you phase out more than 10,000 megawatts of generating capacity, which is nearly half the entire system capacity, that some as yet unknown technology will surface in time?

Are we to return to our reliance on fossil-fuel generation and set ourselves up for another energy crisis? Perhaps you intend to replace this capacity with a combination of new hydroelectric generation and conservation programs. However, as you and I both know, there are not 10,000 megawatts of undeveloped hydroelectric power in this province. I believe the figure is closer to 3,000, and 65 per cent of this potential exists in two rivers in northern Ontario.

I do not want to sound like a pessimist, but I would gauge that the chances of getting approval to dam up these rivers and flood large parts of our northern environment are very slim. You have only to talk to the chairman about that. Even if you were able to develop 2,000 megawatts of hydroelectric power, this would still leave 8,000 megawatts that would have to be generated somehow. Increased conservation could help to reduce this total, but it is highly unlikely it would make that significant an impact.

Regardless of the programs in place that encourage conservation, I believe it has been clearly demonstrated that conservation has a direct correlation to price. Are you prepared, as some of your colleagues have indicated they were in the past, to increase the price simply to encourage conservation? Is this what the people of Ontario can look forward to? Perhaps you can explain how you would resolve the apparent contradiction between this and your party's promise to the people of Ontario to limit future hydro rate increases to the rate of inflation.

Outside of the electrical system, I am sure the people of Ontario would also be interested in knowing what your expectations are for the future role of oil and gas as means of primary energy production. Is it your intention to continue programs that encourage home owners to switch from oil heating to other sources? What other sources will your government encourage, and in what manner?

The Liberal Party has at times been a strong supporter of the use of alternative fuels such as ethanol and methanol to power automobiles. During the 1981 campaign, a \$2-billion plan to run cars on gasohol was presented as one of your major election promises. Former Liberal leader Stuart Smith said of the plan, "It is probably the most important policy that we will implement, the most important difference in terms of the change in our economy and our lifestyle that has been outlined in this campaign so far."

I would like to know whether you are still committed to this plan and whether you still view this as a major component of your energy policy. You do not have to answer now.

Hon. Mr. Kerrio: I was going to check with Stuart.

Mr. Gordon: Specifically, will your government be establishing commercial-scale fuel alcohol plants in eastern and northern Ontario to be run by the Ontario Energy Corp.? The answer should be obvious.

According to your own figures, released as recently as March of last year, a \$3.7-billion investment to develop renewable energy resources in the north would create an estimated 12,000 full-time jobs. Is it your intention to follow through with this investment? If so, when and in what manner?

As I have stated, I believe the people of Ontario are confused about the nature of the Liberal Party's energy policy. It appears that your party has reversed its position on a number of issues over the years.

Please do not misunderstand me. I believe that political parties should review and revise their policies on a regular basis. However, your party seems to have been more active than most in this regard, and I have learned that what may have been Liberal policy a month ago or even a week ago may not be the policy today.

11:20 a.m.

While you were in opposition, the lack of a coherent, consistent energy policy was not particularly important to the future of this province. Now that you are the government, I believe it is crucial that your energy strategy for Ontario, whatever it may entail, be clearly documented, for any decisions you make today, especially in the field of energy planning, can and will affect Ontario for better or worse for years to come. Consequently, I believe, and I cannot emphasize this too strongly, that the citizens of this province have the right to know what your intentions are and whether you are committed to them in the longer term.

Another area that in my opinion needs to be clarified concerns your plans for Ontario Hydro. For years you and your colleagues have made very serious accusations against this utility. You have accused it of virtually everything from bankrupting the province to duping the citizens. For a while there it seemed that the Liberals could find a way to blame every ill in Ontario, social, economic or otherwise, on Ontario Hydro.

You and your colleagues have likened Hydro to a Third World country and to a monster out of control. You were convinced that the level of Hydro's borrowings would force a downgrading of our credit rating by the brokers on Wall Street. In press release after press release, you and your leader called for immediate action to reduce Hydro's burgeoning debt before the unthinkable should happen. As it turned out, however, it was not the words "Ontario Hydro" that caused these agencies to rethink the province's ability to pay; it was the words "Liberal government."

None the less, I find it rather odd that after years of harping on the level of Hydro's borrowings you have as yet failed to take action that you now have the opportunity to take. When you were in opposition, the size of Hydro's debt made every day that went by without anything being done, a black day for the citizens of Ontario because of the massive amount of money that was going to pay these debts.

In many of your releases and statements, you constantly pointed out how much money it was costing the Ontario taxpayer each day that no action was taken. By my calculations, you have had 203 days to do something about this and have failed to do so. By your calculations, this inaction has cost the taxpayer approximately \$5.5 million per day for a grand total of \$1.1 billion since you took office.

Mr. McGuigan: We always deserve the right to be smarter today than we were yesterday.

Mr. Gordon: It is not funny.

I find this passing strange, and I must question the sincerity of your concern regarding Ontario Hydro. What appears to have been a problem deserving the utmost priority a few months ago, now appears to be a back-burner item. I would like to know whether you will, whenever you may get around to it, take action to reduce this burdensome level of debt that you feel has plagued the taxpayers of this province, and specifically in what manner you will be achieving this goal.

Another area of professed concern which you often talked about in your former role as critic was the lack of accountability of Ontario Hydro

to the Legislature and to the people of Ontario. At the time, you had a number of suggestions you felt would improve the situation, including the re-establishment of a select committee on Ontario Hydro affairs and a number of amendments to the Power Corporation Act and the Ontario Energy Board Act.

Since forming the government, you have followed through on only one of these commitments. While you have formed a select committee on energy rather than a select committee on Hydro, I believe the mandate of this committee is such that much of its time will be spent examining the affairs of Ontario Hydro. Consequently, in my estimation, this is the one concrete action you have taken in the area of energy during the last six months.

I hasten to add that you probably would not have accomplished even this if it had not been for the New Democratic Party and its negotiated agreement with you.

Mr. McGuigan: That is a cruel cut.

Mr. Gordon: I know Floyd is going to see that it is circulated very widely in his riding.

In regard to your proposed amendments to the Power Corporation Act, it is my understanding that your leader tabled an amendment in October 1983 that would have required the approval of the Legislature for all Hydro's borrowings, all borrowing done by the Ontario government on behalf of Hydro and all government guarantees of Hydro bonds.

In his words, this amendment was necessary "to provide a basic procedure of accountability, which is now sadly lacking. I am convinced that this lack of a basic requirement on Hydro to explain and justify its plans and funding proposals to elected representatives of the people has led us to the present chaos."

As late as April 1985, your leader said of the utility, "They have gone wild, and even though they have made mistakes, they are the type of people who will go on spending untold millions of dollars." At the time he promised that, if elected, he would make Hydro accountable by bringing Hydro spending under the control of the Legislature.

Please forgive me if I am wrong, but I can only assume your leader meant he would introduce an amendment to the Power Corporation Act to achieve this, similar to the one he brought forward in 1983. I may not be as well versed in legislative matters as other members, but I do not understand how you can make Hydro's borrowings subject to the approval of the Legislature without amending the appropriate legislation.

Hon. Mr. Kerrio: I will ask Darcy McKeough.

Mr. Gordon: Has your leader invented a new way of doing this and neglected to inform the rest of us, or are we witnessing the first example of voodoo legislation?

We are faced with an issue that was once a top priority for your party and one that required immediate action, and yet it remains as another issue you have failed to act on as you promised. You may wish to enlighten us as to where you stand on this issue today. Is it your intention to introduce an amendment to the Power Corporation Act? If so, when?

Another amendment introduced by one of your colleagues called for the selection of the chairman of Ontario Hydro to be reviewed by a legislative committee, with final approval resting with the Legislature. This amendment was viewed to be necessary as, and again I quote your leader, "this position must be filled by a person well qualified to extricate Hydro from its fiscal follies. The candidate must have qualifications that go far beyond political affiliation with the government party." I will leave that subject for now.

To finish, when can we expect the promised legislation regarding the selection and approval process for the next chairman?

Mr. Chairman: Not this one, though.

Mr. Gordon: That is just it. Too late now, eh?

To return to my original train of thought, the final item the Liberal Party in opposition held to be crucial in making Ontario Hydro more accountable was the extension of the authority of the Ontario Energy Board to include the setting of yearly rate increases.

In reviewing this issue, I cannot fully understand why you were so dissatisfied with the established process. The information I was able to pull together indicates that since 1974, there have only been two years when the rate as set by Ontario Hydro's board of directors exceeded the rate as recommended by the Ontario Energy Board. In every other year the rate was set at or below the recommended rate.

I would not go as far as some of your colleagues and call this a blatant disregard of the Ontario Energy Board recommendations and refer to the annual hearings as "little more than a charade." However, both you and your leader have made repeated calls for a strengthening of the powers of the board so that its recommendations regarding rate increases are binding on Ontario Hydro.

Does this mean you think Hydro should have set its rate increases higher than it did this year, as was recommended by the Ontario Energy Board? Is it your intention to introduce into the House an amendment to the appropriate legislation to follow through on this commitment?

I trust you will be able to indicate clearly to this committee before the end of these estimates exactly what you are planning with respect to the accountability issue and exactly when you may feel inclined to honour your previous promises in this regard.

There are a number of other areas I would like to cover before I leave the subject of Ontario Hydro, all of which you have previously identified as significant problems deserving of action. The first of these is Hydro's marketing programs. It is my understanding that you are not very fond of Hydro's "talking furnace" advertisements.

Hon. Mr. Kerrio: That was Julian.

Mr. Gordon: I thought they were rather entertaining.

Hon. Mr. Kerrio: He did not get the part. He was out of work at the time.

11:30 a.m.

Mr. Gordon: Do you have a few other candidates you would like to talk about? You had better stop now.

I believe your objection did not stem from the content of the advertisements. Rather, you objected to the whole concept of Hydro trying to sell its product. You saw these advertisements as unfair competition with other energy suppliers. You also thought Hydro should not be in the business of trying deliberately to increase or artificially to create a demand for electricity.

In your view, Hydro was duping the public by suggesting that people switch to electric heat from oil as a means of reducing their annual heating bills. As we all know, you were convinced the price of electricity was going to skyrocket at any moment. Consequently, anyone who switched would be left holding the bag at some point down the road.

Given your strenuous objections to these ads, I could not help wondering the other night when I was at home watching television why I was viewing an ad by Ontario Hydro about cold feet. Many times since last June I have thought the Liberals were having difficulty recognizing and accepting that they were the government and could change all the things they had been critical of for so long. Watching someone tiptoe across a

cold floor in his underwear helped to strengthen and confirm this belief.

Is nobody at Hydro taking your calls? Perhaps you have cold feet about your professed intention to rein in Hydro. I would appreciate some explanation for this inconsistency. I realize this probably does not rate as high a priority as the issue of controlling Hydro's borrowing and reducing its debt. However, my information indicates this was one of your pet peeves concerning Hydro. Perhaps you will indicate whether this will just remain one of your pet peeves or whether you will actually be doing something about it.

The next area I would like to address is that of buy-back rates. As I understand it, Ontario Hydro will pay so much per kilowatt-hour produced to independent producers of electricity who can deliver into the grid. The amount received by the independent producer is related to the amount of time the generators are actually producing power. Consequently, producers who have generators operating 65 per cent of the time receive a lower price for their product than those whose facilities function at a higher percentage.

This past Monday, I checked with Ontario Hydro regarding the level of the current buy-back rates and was informed that these rates are 2.3 cents and 3.3 cents per kilowatt-hour, respectively. I also found that these rates were established on December 13, 1984, and have not been changed. I found this rather peculiar, as this was something your party promised it would do something about if it were elected as the governing party.

In a document released in March 1985 concerning northern Ontario, your party committed itself to increasing the buy-back rate to five cents per kilowatt-hour. You have not done so.

I am unsure whether your failure to act on this commitment is due to the fact that technically you were not elected as the governing party and consequently do not feel you are bound to your promise, or whether it is because you did not specify when you would make the change. Is this something you are planning to get around to in this decade or the next?

In all fairness, I do not believe the issue of buy-back rates needs to be examined. I am familiar with the arguments that a higher buy-back rate would encourage more independent production and consequently help diversify our electrical generating system. However, I am not convinced that expansion of the system at this time to add more capacity is a high priority. It may become a priority before the end of the

century, as there are no plans for the addition of large generating facilities past the construction of Darlington, if Darlington ever gets completed.

My concerns for the buy-back rate at this time relate to the increasing number of municipalities that are looking towards incineration as an alternative to landfill. Many are considering the merits of installing energy-from-waste facilities to alleviate the increasing difficulties associated with opening new or expanding existing landfills. However, from what I understand, the current buy-back rate is not sufficient to make these facilities economically viable.

As well, I understand there are concerns regarding the safety of emissions from such facilities. I would like to know whether you have examined this issue in any detail and whether you have entered into discussions with the Ministry of the Environment regarding a possible joint program.

If we are serious about our commitments to increase conservation, a diversified generating system and the protection of the environment, it would seem to me that a joint effort on the part of your ministry and the Ministry of the Environment would make sense. I hope you will consider this suggestion, and I would like to discuss this issue at greater length with you and with officials of Ontario Hydro as these estimates continue over the next few weeks.

The next item I would like to address concerning Ontario Hydro is the issue of hydro transmission lines. One cannot help getting the impression that trying to build a hydro line is akin to fighting the Vietnam War. Year after year, you just keep throwing in more resources and never seem to get much further ahead.

I realize the need for transmission lines in southwestern and eastern Ontario has reached a critical point. Further delay could seriously jeopardize Hydro's ability to deliver power where and when it is needed. However, I also recognize the need for extensive public input into the line selection process to ensure the best possible system and route are chosen. I am sure we are all aware that no one wants a transmission line running through their backyard and yet they must be built.

Surely there must be a way to streamline this whole process and still ensure the process remains fair to all those involved. Have you given any consideration to how this might be accomplished? Do you envision any changes to the current approval process at some point in the future? In terms of what is happening now, are you considering taking any actions to ensure that

these lines are in place before the load factor becomes critical? Are there contingency plans in place and if so, what do they include?

I hope you will give this whole issue serious consideration and work towards a satisfactory resolution of the outstanding problems. I am sure the members of this committee would appreciate further discussion of this topic during these estimates. Some have had the experience of seeing a hydro line proposed within their riding and have first-hand knowledge of the extreme difficulties this normally presents for themselves, the government and their constituents.

As well, I am sure a number of members could contribute significantly to the discussion regarding the effect of lines on certain segments of our society and various interest groups. In my caucus, I know the member for Durham-York (Mr. Stevenson) has had many discussions with the farming community concerning this issue and undoubtedly could pass along some very interesting information.

Unfortunately, Mr. Stevenson could not be with us today as his father has recently passed away. I am sure you would all join me in sending our condolences to Mr. Stevenson and his family. I would like to ask the members if perhaps we could agree to put aside our discussion of the issue of hydro lines until Mr. Stevenson returns, as I am confident he will wish to participate.

The final item I would like to turn my attention to with regard to Ontario Hydro is the recent announcement of new limits on acid gas emissions for the utility. I must commend the Minister of the Environment (Mr. Bradley) for following through on at least this commitment to reduce acid gas emissions, even though the new limits on Hydro are not as stringent as originally promised.

However, in reading through the document Countdown Acid Rain, I was struck by the unusual choice of words used to describe these new limits. It was stated in the document that the new legal limits "tightened the screws." Does that mean the Minister of the Environment is undertaking the task of tightening the screws on Hydro or adding to the screws which you, as the Minister of Energy, are supposed to have put in place? This leads me to wonder exactly what it is you intend to do to Ontario Hydro.

While I agree these new limits will help to further protect the environment, I do have concerns regarding the effect of implementing these limits on our energy supply in general.

11:40 a.m.

I understand that the Minister of the Environment has left the actual technicalities of how Ontario Hydro will meet these new limits up to the utility itself. He has not ordered Hydro to use any particular technology.

This seems to fly in the face of your previous assertions that your party would force Ontario Hydro to install scrubbers on every coal-fired generating unit. Are you, as the minister responsible for Hydro, going to force the installation of scrubbers to meet these new limits, or have you also abandoned that promise?

I would like to know what role you will be playing in this implementation process as you will undoubtedly want to make provisions to ensure that whatever methods are employed do not conflict with or jeopardize other commitments you have made regarding electricity pricing and supply. The most notable of these, which I have already mentioned, is the maintenance of rate increases at the rate of inflation and the phasing out of nuclear power.

Have you and the Minister of the Environment discussed which commitments each of you is prepared to renege on, should it be impossible to fulfil all these promises? For instance, should Ontario Hydro be unable to meet the limits without requiring an increase in rates above the rate of inflation, which promise is more important? Will you permit rates to rise higher than your promised level, or will the permitted emission levels be increased so that rates will remain at the rate of inflation?

Similarly, I see a conflict between meeting the new limits and your vow to phase out nuclear power. What will happen if Hydro says it cannot meet the limits without a heavier reliance on nuclear-generated power? Which commitment will go by the wayside? If you decide Hydro has to reduce its reliance on nuclear power, as well as meet the limits as imposed, and this results in a greater use of coal-fired plants, which will be more important: installing scrubbers and purchasing low-sulphur coal or keeping annual rate increases in line?

I am afraid I get no sense of priority from your government in that you have made promises that have a great potential of conflicting with one another. It would be helpful if you could outline your priorities so we could have an indication of whether to expect higher rate increases, increased reliance on nuclear power, less stringent emission limits or some combination of these three.

I look forward to hearing Ontario Hydro's comments on these new limits, and I hope it will be able to give its assessment as to how the limits will be met and what effect this will have on electricity pricing and supply.

I understand the largest responsibility of the Ontario Energy Corp. has been its involvement with Suncor. To set the record straight, I have no problems with your stated intention to sell our interest in Suncor. After all, our party made the commitment to divest our interest early last year. I am relieved, however, that you have decided to follow our advice and not hold a fire sale as you had indicated at one time you would. I was most pleased to see your Treasurer (Mr. Nixon) borrow directly from our former Premier when he stated in his budget address that our interest in Suncor would be sold when it became "prudent to do so."

Hon. Mr. Kerrio: You have to smile when you lay that one on me.

Mr. Gordon: You know I smile easily.

Now that you have made a decision to sell the principal asset of this corporation, I would like to know what your plans are for the OEC. I think you touched on that. In the Treasurer's budget address, he mentioned that the functions of the OEC were being reviewed with the objective of determining the desirability of divesting further assets.

Another area where I am unclear as to your future plans is the development of the Bruce Energy Centre. I understand the original concept was to use the excess steam generated by the facilities to provide low-cost energy to industrial and commercial enterprises.

It was a good concept, based on maximizing resources and solid energy planning strategies. However, the problems arose when it appeared that few were interested in locating in or relocating to the area. Negotiations were undertaken by the previous government with those who had expressed an interest, but the cost of transporting the product to markets in the south usually became a prohibitive factor.

Before the change in government, my party had developed a number of proposals to see the concept finally come to fruition. As well, we made the commitment to complete the steam pipeline by the end of 1985. I know the minister's leader has expressed the same commitment to see this project through to the end. I believe the necessity of doing so grows stronger every day.

To echo the member for Grey-Bruce (Mr. Sargent), the development of the centre is needed to replace some of the 5,000 jobs that will be lost

as the construction of the remaining units at Bruce winds down. I would appreciate it if you could bring us up to date on the construction of the pipeline and on what proposals you have put forward regarding the further development of this centre.

In my view, last year was a monumental one in Canada's domestic oil and gas industry. We witnessed the signing of the western accord and the development of a new natural gas pricing system. What intrigued me the most was not necessarily the terms of the various agreements but the politics that surrounded the formulation of each.

As I recall, during the last provincial election the Liberal leader was very critical of the western accord and accused the then Premier of not protecting the interests of the people of Ontario. At the time the Liberal leader remarked, "A Liberal government would not run away from a fight while the federal government pursues an energy policy allowing oil prices to rise."

He told the voters of Ontario that the federal government was about to increase the tax on gasoline by five cents a litre because of the accord and he accused the Progressive Conservative government of inaction. However, it is my understanding that former Premier Miller did meet with the Prime Minister on the issue of taxes and that he was successful in getting concessions for Ontario. Certainly the gas tax did not go up by five cents a litre.

As well, the former PC government had been very active in the discussions leading up to the signing of the western accord. Our position was well known. We welcomed the deregulation of oil prices, since Ontario consumers were paying world price anyway, and given the weakness in the world oil market, deregulation could permit oil prices to fall. Indeed, that is exactly what happened.

Our major concern was the development of a new market-sensitive pricing system for natural gas, and again we made our concerns known. The member for Lincoln (Mr. Andrewes), during his term as Minister of Energy, was in weekly contact with the federal Minister of Energy, Mines and Resources as well as with energy officials in Alberta to discuss our concerns.

When it was announced that the federal government was going to establish a task force to examine natural gas pricing over the summer, we sought representation on that committee. In short, I have yet to see any convincing evidence to suggest that the PC government did not

endeavour to protect the citizens of this province and to make their concerns known.

Now we get to the actual development of a pricing system for natural gas. I know you have voiced your concerns regarding this upcoming agreement to the members of this House and to the local press, but I would like to know more specifically what initiatives you took to protect the interests of the people of this province. Perhaps you would elaborate on the meetings you may have had with the federal Minister of Energy, Mines and Resources on this issue.

I would also be interested to know what our role was and the nature of our participation on the natural gas pricing task force. I would like to know with whom you were in contact in Alberta and exactly what you may have discussed with them. This information would really help me to understand why you are unable to get your concerns heard and addressed.

The last issue I would like to raise today is the future role and mandate of the Ministry of Energy. As I have mentioned, during the past couple of years the entire energy industry has been going through a process of rationalization. I believe this has been true of the ministry as well.

11:50 a.m.

Just as I believe it is important that Ontario Hydro have clear and strong leadership to guide it through this process, I believe such leadership is also needed at the ministry. The ministry plays a vital role in the development and analysis of government policy. As well, it is the major vehicle through which the citizens of this province are encouraged to conserve and maximize the use of our energy resources. I hope you will keep this in mind as you consider the future direction of the ministry.

More important, I caution you against diminishing the role of the ministry further. I realize that you will continue to have to make certain adjustments, but any major changes in its mandate should be avoided. Specifically, I hope you will allow the ministry to remain a separate entity and not be persuaded into incorporating it as a branch of the Ministry of Natural Resources. Of course, the Ministry of Natural Resources has planes, does it not?

Only by maintaining the identity of the ministry will the people of Ontario be reminded of the continuing importance of preserving our energy resources.

In conclusion, I would like to thank you, Mr. Chairman, and the members of the committee for giving me this opportunity to speak to you this morning. I hope I have not tried your patience too

greatly and I look forward to hearing your answers to my questions, as I believe it is important that we in the Legislature, and the people of Ontario, have a clearer understanding of the minister's intentions.

Your answers will undoubtedly provide us with some understanding, and the discussions we will enter into during the next few weeks should also help to clarify where you stand on the issues. I look forward to these discussions as I am sure it will be a positive learning experience for all of us.

Mr. Charlton: I would like to take a slightly different approach than the one Mr. Gordon took on behalf of Mr. Jackson and to make a few general comments and then focus my comments on your opening statement.

Let me start out by saying that, in general, although I will make comments throughout on your presentation, I am pleased with the tone and the direction you have set out in your opening statement. I say that for a couple of reasons. You will recall that less than a month ago we debated in the Legislature a resolution of mine, a resolution against which you voted and a resolution which, if you think about it, split your own government caucus right down the middle.

I am not sure exactly why you chose to vote against that resolution, but I would like it to be clear in your mind now at least that the resolution was not an attack on you or on any of your plans for the future of energy development in this province. As a way of having you understand that, I ask you, perhaps some evening before you go to bed, to compare the tone and the emphasis of your opening statement today to the tone and the emphasis of the last annual report of the ministry. The kinds of things that are discussed are very similar, but the tone and the emphasis are quite different.

That is why I am suggesting that, in general, I am pleased with the emphasis you provided us with today, although I will provide you with a number of comments about where I feel the emphasis is still not complete or adequate. The bottom line lies in some of the very comments you made today, such as, "But I also believe we can use our energy resources much more wisely by placing greater emphasis on conservation" and "We are doing a great deal to promote more energy conservation in Ontario, but there is much more that we should and will be doing."

Those comments reflect very closely the sentiment of my resolution. If there is much more that we should be doing, then it is clear there is a lot we have not done in the past that should be

done. It is unfortunate that we had a misunderstanding about the intent of my resolution. I think it is important that we understand each other better for the future.

I will not enumerate the promises you have made in the past one by one, as Mr. Gordon did. We look forward with great interest to seeing your policy directions announced. We look forward, for example, to the announcement of your new approach to conservation, which you have told us a little about today. Since most of the promises of the past were stolen from us anyway, we can promote them on our own.

Mr. McGuigan: Transferred would be a better word.

Mr. Charlton: Transferred?

One thing that concerns me about the tone and emphasis of your statement today is that the Ministry of Energy estimates of expenditures you have set out for us do not adequately or accurately reflect the importance you have clearly set out that energy has in Ontario, such as the impact of energy costs on the Ontario economy. Mr. Gordon alluded to it in the context of the fact that the overall estimates of the ministry's expenditures have not increased.

Energy probably is the most important single item of cost competitiveness in Ontario in terms of the potential for our economic and industrial growth or, in a negative sense, in terms of a number of the industrial-economic problems we have had over the course of the past decade. The extent to which the Ministry of Energy seems to understand that is still somewhat inadequate. I will make a few comments that try to point to that in the context of the Ontario economy.

Before I do that, I would like to pick up on several things that were mentioned by Mr. Gordon in his presentation and to add some of my own comments. In his comments on Ontario Hydro, Mr. Gordon dealt at length with a number of items. I will not spend quite as much time on them. He mentioned the potential for new hydraulic generation in Ontario. I believe he mentioned a figure of about 3,000 megawatts.

One thing that became quite apparent to us during the course of our hearings at the select committee in September was that we were trying to deal with several things all at once. One was Ontario Hydro's traditional approach to generating capacity in this province. I believe the 3,000-megawatt figure Mr. Gordon mentioned is drastically low because it comes from Ontario Hydro's assessment of its traditional approach to hydraulic power.

One of the things we dealt with briefly in the select committee was the fact that a whole range of new technological and physical approaches to hydraulic generation is being developed around the world. I believe you even mentioned one or two of them in your comments to the select committee. Some of these new technological or physical approaches to hydraulic generation that are being used elsewhere in the world will be applicable in Ontario and some will not. They will change the numbers we play with in terms of how the real hydraulic potential in Ontario might some day be defined.

12 noon

One of the major problems we were confronted with in the select committee was the fact that in Ontario, in a province where, as you have said, energy matters are of utmost importance both to the individual consumer and to the overall economy, we still, to this day, have no major completed study of all the potentials in end use of the different forms of energy we use in this province. As a result of that, as its next phase, the select committee has had to choose to do some independent work on some of those potentials.

When energy is so important to us, it seems absolutely ludicrous that this work has not been done in the past. Again, I cannot put the blame for that on this minister, who has not been there. All I can do is urge him to make sure that kind of work is done on an ongoing basis in the future.

We also had some comment about energy conservation. I am pleased with the emphasis you appear to put on conservation in your opening remarks. We will not be able to support or criticize your approach to that until we see your policy statement on conservation.

I am hoping that will come fairly quickly and that we can have some good, ongoing discussions and that conservation will become an ever-expanding part of our approach to energy in this province. I say that because what I was referring to earlier in the context of the different tone and emphasis I see between your opening statement today and the way in which the annual report of the ministry last year was sent out. This is an example.

Right at the beginning of that annual report for last year, it talked about prosperity and the dependence of our industries and businesses on energy and, therefore, on energy pricing and its impact on their competitiveness. It goes on to talk about the ministry's important role in terms of fighting for Ontario consumers in those questions around pricing and pricing negotiations at the national and interprovincial level.

I do not want to downgrade the importance of these kinds of negotiations, but it seems to me that in this province where we have a fairly substantial dependence on external energy raw resources—you mentioned that in your opening statement and I was glad to see that reference there—where we are so dependent for oil and gas on external sources, our primary objective has to be on an ongoing basis to minimize our dependence on those external resources. That is not to say we should not be directly involved in the negotiations. We should be, but for me, conservation has to come first, not second, third or fourth.

It is all well and good to say we have to be involved in the pricing discussions to protect the competitiveness of Ontario industry, but we may not always be in the position as a province to have a major impact on those pricing discussions. To a large extent, it will depend on export agreements that are made, both in the short term and the long term, and on the whole world scene, especially in terms of oil and gas in the future. The indications at present are that, at least in the short term there will likely be some decline in oil and gas prices.

To pick up on another issue, which Mr. Gordon raised when he was commenting on your former comments about people who are being encouraged to switch to electric heating, what you suggested in the past may very well come true over the next four or five years. People who were convinced by advertising campaigns to convert to electric heat may be disappointed, not because of huge price increases for electrical power in Ontario, but significant price increases, which Hydro laid out for us in the select committee, as Darlington comes on stream and other new projects proceed—especially the projects around the rebuilding of our facilities at Niagara, facilities which provide significant power to this province and whose rates for power will go up as we spend money to redevelop them. As oil and gas prices drop, as they likely will to some extent during the next few years, the people who were persuaded to convert to electric heat may very well be left holding the bag in terms of at least the pricing benefit they were promised.

That speaks to an overall lack of an effective energy strategy in this province in the past, and I hope this is what you and your colleagues will be able to help us develop for the future. It is one of my hopes for the select committee that we will get the opportunity to go far beyond just dealing with the Hydro question and start dealing with some of the other very important energy issues outside of Ontario Hydro itself.

Before I leave Ontario Hydro, let me say that several things still concern me about its operation. Mr. Gordon raised the issue of the appointment of the chairman and the fact that you have not announced any new process for that appointment before the present time and before the appointment of new people.

Because it is clear in the report of the select committee that it intends to look in depth at the relationship among the government, the Ministry of Energy and Ontario Hydro, I would hope that before you make any major changes in this relationship you will allow the committee to finish its work so we can all participate in developing that new approach, if there is a new approach at all, and I hope there will be. That is my sense of what will come out the other end of the committee during the course of the next few months.

It is important that we have input from all three parties in this process, and to some extent from the public as well, so we can make changes that are ultimately effective and at the same time get rid of some of the political bugs that have haunted both Hydro and this Legislature for 10 or 15 years.

As a comment at this point, I heard with interest a number of the comments Mr. Gordon made about your promises from the past and approaches to different aspects of Hydro's operation, its approaches to power lines and to the impending crisis. Those things reflect very clearly the inadequacies of the planning process in the past.

The fact that we have reached a point where the potential for locked-in power and the potential for shortages, at least in some areas of this province that are so dependent on huge transmission facilities—and I refer you to a couple of major articles that were in the *Globe and Mail* yesterday on the hydro line hearings—point not only to the inadequacy of the planning process of the past but also to a major shift we need to make in our approach to electric power in Ontario.

Even if all the hydro line hearings were finished, the lines were approved and construction had started so that we were not approaching a pending crisis, we would still be in the position of running an inefficient system with large facilities—whether they be hydraulic, coal-fired or nuclear, and massive transmission facilities to move that power to where it is needed—because of the losses that those huge transmission facilities imply.

12:10 p.m.

It is not adequate to look just at the planning process. We also have to look at the overall approach to future generation in this province. Specifically, we have to look at more targeted, smaller facilities that are close to the places where we need the power, so that we do not spend billions of dollars building into the system inefficiencies that average about 10 per cent. In the case of the present situation, the inefficiencies are closer to 20 per cent because of the overcapacity being demanded of those lines.

As an approach to electric power planning for the future, we have to reverse what we have done in the past, what Ontario Hydro has done in the past and what the former government essentially accepted from Hydro. It seems to me the only logical approach to electric power planning for the future is to reverse the process completely. We should start the process by looking at conservation and determining, as best as we are able, how much conservation is reasonably available in what space of time.

Second, we should look at cogeneration. When I use the word "cogeneration," I refer to industrial cogeneration as well as cogeneration of several new kinds that have started to be developed over the past few years around municipal waste and so on. Third, we should look at renewable energy technologies, what their potential is and how quickly they can be brought on stream. Only as a last approach in the provision of energy in this province should we look at the building of new generating facilities by Ontario Hydro.

Even when we get to that stage, we should first look at hydraulic generation from the perspective of what sites there are that it would be economic for Ontario Hydro to develop along the lines of its traditional approach. Second, we should look at the new hydraulic technologies and physical approaches to hydraulic power that have been developed elsewhere around the world. Which of them are appropriate to Ontario and how much power can we get from them?

Only last should we look at the other potential sources of generating capacity, whether it be coal, oil, gas or nuclear. If we take that approach to electric power planning in Ontario, we accomplish a number of things. We accomplish the objective of energy conservation to whatever level we can maximize it. We also accomplish the maximization of cogeneration where fuels are already being expended in industrial or municipal processes. We minimize the need for capital investment by Ontario Hydro to start getting at the problems that the minister has expressed in

the past and that Mr. Gordon raised today of the debt levels and borrowing habits of that huge public utility.

I now would like to run quickly through the minister's opening statement today and comment on a number of things to which he referred. I have already commented on the importance of energy in Ontario to the Ontario consumer, to the Ontario economy and to the competitiveness of Ontario industry. As I have suggested, that emphasizes why it is important for us to put a new focus on energy efficiency and energy conservation in Ontario.

I am pleased with a number of the initiatives set out in your opening statement that this ministry is already involved in or will be involved in over the coming year. Unfortunately, it still is not fully adequate. I want to try to point out a couple of major examples of that.

It is my belief that your ministry, and for that matter any ministry of government, cannot continue to stand in isolation from other ministries. It is clear you have a mandate, yes, and that other ministries have a mandate. I understand it is sometimes difficult to cross jurisdictions.

On the other hand, we have seen some major problems in the past, problems that both you and I have raised in the House. We had a problem with the then Minister of Transportation and Communications being charged a number of years ago by the then Minister of the Environment for violations of the Environmental Assessment Act. That kind of unco-ordinated stupidity cannot continue.

These are the kinds of things we not only have to eliminate but also have to go beyond in the context of the role of the Ministry of Energy. The Ministry of Energy is the only ministry that looks at energy matters as they relate to everything else that goes on in this province on an ongoing, daily basis. That makes the ministry very important.

I agree with Mr. Gordon's comments: I hope there will be no move to downgrade the ministry, to amalgamate it with another ministry or any such thing. The importance of the Ministry of Energy has to be escalated, and escalated dramatically.

You mentioned in your opening remarks, for example, that there were three major issues of concern: "These issues also serve to highlight the approach the new Liberal government is bringing to these matters. The three issues are: natural gas pricing and exports; the new role and relationship between the government and Ontario Hydro; and our review of the government's energy investments."

All of those are very important, but for me, one major item is missing from that list: the relationship among the Ministry of Energy and all the other ministries of this government and all the crown agencies in this province. I will attempt to give you a number of examples of that as I move through your opening statement.

Areas where I see a major failure because of the lack of relationship between the different ministries, for example, are where you talk about things like northern gasoline pricing, the importance of the private sector to the Ontario economy, promoting energy conservation in the education system and municipal transit and the programs your government is initiating around alternative fuels.

When I say there is a lack, I am not talking about the specific programs you have undertaken. I am talking about the areas you have not undertaken, and I would assume it is because you do not feel it is in your jurisdiction.

The Ministry of Energy has been actively involved in research into alternative fuels and you are now initiating programs in which you are testing technologies and alternative fuels in public transit systems. On the other hand, I think you know full well that the Ministry of Transportation and Communications, the ministry that is responsible for public transit in Ontario and provides funding to municipalities for public transit in Ontario, is not doing any major work on energy-related matters.

Where are we ever going to get a study of the overall economic benefit of public transit per dollar of investment in public transit if your ministry does not do it? The Ministry of Transportation and Communications in its present format and with its present mandate is not capable of doing that.

I am talking here about conservation in the sense of new technologies, alternative fuels and the other things you are currently involved in. I am talking about it in the context of public transit itself.

12:20 p.m.

One of the things we need in this province is a major study of the economic impact, the energy saving in an overall way, of an escalated use of public transit. There are major energy gains to be made, but nobody has taken the time to do those studies so your ministry can promote, within the cabinet structure and the government policy structure, the use of public transit as an energy conservation approach as opposed to just promoting technologies that can make existing public transit more efficient.

Public transit in itself, as you are well aware, is much more efficient than the individual use of motor vehicles in Ontario. Even with the previous government, we made some very minor strides in that respect. We have set up GO Transit around Metropolitan Toronto, and we have encouraged commuter parking lots and sharing programs for commuting to and from work. Such things do not go far enough in terms of the real potential and resulting economic impact that major expansion of public transit in Ontario could provide to the economy of this province.

On page 8 you talk about security of supply. We have to start tying concepts together rather than just dealing with them in isolation. The long-term security of supply of natural gas and oil in Ontario is an extremely important issue. The pricing of those commodities is an extremely important issue as well. We have to start talking about security of supply, not only in the context of our negotiations with the western provinces or with some of the companies that are developing new frontier resources but also in the context of conservation and alternatives. We have to start linking all the aspects of energy policy one to the other, instead of dealing with them as items 1 to 5.

You made comments on page 16 about winding down the Ontario Energy Corp. and the hydrogen project. As Mr. Gordon suggested, I would like more of an explanation as to exactly what your intentions are there. On one side of that coin, there seems to be an emphasis on assisting the private sector to pick up a lot of energy initiatives that it has not done in the past, and I do not disagree with that at all. On the other side, there seems to be little or no mention of the longer-term future, which I hope will stimulate the short-term energy future in this province.

You are well aware, as I and the rest of us are, that the development of alternative technologies and approaches, especially with renewables, has been slow in coming. Inevitably now, as in the past and in the future, the private sector is not going to be prepared to promote those technologies, their development and research and so on, in a significant way until such time as they reach a level of economic viability that they do not now have.

If energy and energy pricing are so important to the Ontario economy, the Ministry of Energy has to be prepared to fill the gaps in planning for the future in those areas where the private sector is not now prepared to take initiatives. It is all well and good to talk about the things that are approaching economic viability and encouraging

the private sector to get involved in them—as I said, I have no objection to that—but there is a major rift in terms of the longer-term future.

It goes back to the question Mr. Gordon raised. Ontario Hydro is planning no major new nuclear facilities beyond Darlington. They set out for us in the select committee some much smaller approaches, not only to redeveloping existing hydraulic sites but also to developing some new hydraulic sites in this province.

That is all very good, but you are well aware, as are the rest of us, that beyond the year 2000 we are going to have to move into major new areas of energy development. The major role I see for your ministry over the course of the next 15 years is to do most of the preparatory groundwork so that the private sector in the year 2000 or 2005 or 2010 will be in a position to move quickly into some of the new areas, new technologies, new strategies and new approaches to an energy future.

I mentioned northern gasoline pricing. You dealt with that on page 21. The study you are undertaking is an important one. It was demanded by this party in the accord signed with your party. I am not objecting to the study being done. However, I still feel a bit uncomfortable about what appears to be an almost exclusive focus on the question of pricing in a presumably open, free market situation.

Discussion of the pricing of gasoline or any other energy commodity in northern Ontario, especially in the isolated communities where the pricing is the worst, has to be discussed not only in the context of differences in wholesale costs and in retail costs, lower average volumes at outlets and differences in market conditions, but also in the socioeconomic context of northern development and the overall economic impact those energy prices have on the communities involved and their viability.

That goes back to what I said at the outset and what you reflected in your opening comments about the importance of the impact energy pricing has on economic development in this province. We have to take those aspects of energy pricing in northern Ontario into account when we are doing studies such as this, so we can accurately discuss with each other the need for an open market or, on the other side, the need for government subsidies to stimulate the economic viability of many of the isolated communities in the north. We cannot get at that by looking just at wholesale and retail prices and the marketplace. We have to look at those things, but we also have to look beyond those things.

Mr. Chairman: Is there an appropriate time when you can break?

Mr. Charlton: I can break now if you wish, since we are quickly approaching 12:30 p.m., and continue my comments tomorrow evening.

Hon. Mr. Kerrio: I do not think there would be any objection to you completing your comments at the next sitting.

Mr. Charlton: They will not take much longer anyway.

Mr. Chairman: Before we adjourn, on behalf

of the committee, I want to welcome Karim Mohamed, who is here from the University of Waterloo on a work experience program. For the next four months, he is going to experience the incomprehensible workings of the Ontario Legislature. On behalf of the committee, Karim, we welcome you, and hope you have a rewarding four months.

We stand adjourned until tomorrow at 8 p.m. in this room.

The committee adjourned at 12:30 p.m.

CONTENTS

Wednesday, January 8, 1986

Opening statements: Mr. Kerrio	R-651
Mr. Gordon	R-660
Mr. Charlton	R-669
Adjournment	R-674

SPEAKERS IN THIS ISSUE

Charlton, B. A. (Hamilton Mountain NDP)

Gordon, J. K. (Sudbury PC)

Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)

Laughren, F., Chairman (Nickel Belt NDP)

McGuigan, J. F. (Kent-Elgin L)

Smith, D. W. (Lambton L)

PN
13
576



No. R-29

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy

First Session, 33rd Parliament
Thursday, January 9, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, January 9, 1986

The committee met at 8:05 p.m. in committee room 228.

ESTIMATES, MINISTRY OF ENERGY (continued)

Mr. Chairman: The committee will come to order. Mr. Charlton was in the middle of his leadoff response to the minister's remarks. I see he is prepared to finish that now.

Mr. Charlton: I do not recall exactly where I was, but I have chosen an appropriate place to pick up. I recall making a number of comments just before I finished on Wednesday about conservation, Ontario Hydro and northern Ontario gasoline pricing.

I will start on page 18 of the minister's presentation and refer to the list of highlights and the conclusions from the study. There are a couple of items there which concern me to some extent. The first item reads as follows: "Investments in new technologies and new energy-efficient capital stock will permit dramatic improvements in energy efficiency, enhancing productivity and strengthening our industries' competitiveness in international markets." I do not think anybody can disagree with that kind of statement.

Throughout the minister's comments there was something absent, which concerns me to some extent, and I commented on it earlier. I think it is appropriate to start moving into and encouraging the private sector to become involved in a number of the efficiency technologies that are already up to steam in their usefulness and their readiness for marketing.

What I found absent in the presentation is what I see as the major role the Ministry of Energy is going to have to apply over the course of the next 20 years in those technological areas that have not been fully developed yet, but where we know potential exists.

The ministry needs to be making more clear statements on research and development intentions within the ministry itself and it needs programs to bring a number of those potential energy sources up to snuff before we get to the stage in this province of having to look at the next major expansion in Ontario Hydro, or in any of the other energy sectors for that matter, so that we are not faced at that time with the most limited

option, which is another huge nuclear power generating station.

To follow through this list of conclusions from the study, the second item talks about demand for all major energy forms growing more slowly than in the past. The next item talks about electricity demand growing faster than demand for other forms of energy and how that is going to put pressure on or be a major challenge to Hydro "to keep costs and prices down, to capture new markets and new high-tech applications for electricity."

It seems to me there is a major contradiction in that. What the minister is saying here is that because of what happened in the 1970s with energy and energy pricing, we have made major gains in all the energy sources except electricity and that now the use of electricity will be growing much faster than that of other energy sources. That in itself is a problem. We have not yet fully come to terms in Ontario with the global energy picture and the need to reduce our demand for energy in all sectors.

The contradiction comes in when you think about what we—and when I say "we" I am talking we as a Legislature—have allowed Ontario Hydro to do in its advertising campaigns. Mr. Gordon raised this with the minister but from a different perspective.

8:10 p.m.

From all we have seen about our high-tech future, there are going to be some major new uses for electrical energy in the high-tech sector. Albeit, as I understand it, there is going to be a highly efficient use of electrical energy in many cases, we are currently using up our existing capacity in response to massive advertising campaigns on what I view and what many experts in the field view as expanding inefficient uses of electrical energy, energy that 10 years down the road we may want for a whole range of high-tech applications. I think we have to come to terms with those kinds of questions in our energy planning.

I think you will recall that on Wednesday I suggested an approach to electrical planning in this province which is the reverse of the approach we have taken in the past. The fourth item points that out clearly. I will read it for the sake of making my point again:

"Ontario will have several choices, including new hydraulic facilities, purchases from other provinces, alternative generation and a variety of demand management and strategic conservation options."

What I suggested the other day was that most logical and sane approach to electrical energy planning has to proceed the other way around. You look first at conservation, decide what is available, what you can reasonably bring on stream; then you look at cogeneration, what is available, what you can reasonably bring on stream; then you look at hydraulic; and then you look at other sources. You do not do it the other way around, putting conservation at the bottom and making it last thing you look at.

The reason I suggest that to you, Minister, is that when you were in opposition you were involved on a number of occasions in the Ministry of the Environment estimates with us in discussions with the Ontario Waste Management Corp. You will recall that over the course of the last five years we have had major discussions with Dr. Chant and others of his staff about whether they were going to overbuild the waste management facility, and whether they were first looking at waste stream reduction, recycling, reuse, etc., before they looked at how much waste they were going to have to try to treat or destroy.

For your party, for yourself, and I can recall your becoming involved in those discussions, that was the most logical, most economic and sanest approach to waste management. It is no different with the production of electrical energy. The most expensive energy is the energy that we have to generate exclusively in a plant built for generation and nothing else.

The cheapest energy we can produce in this province is conservation. The other forms, cogeneration and so on, generally tend to fall in between. That is the approach we have to take to electrical energy planning, as opposed to deciding what facilities we are going to build first and then looking at the rest of the spectrum as secondary and even third-stage options.

The next item I would like to discuss, and on which I agree with you quite heartily, is your comment on page 23 about the potential for complacency because of what has happened over the course of the last year or year and a half with the Organization of Petroleum Exporting Countries, and other events that have affected not only the current prices of oil and gas on international markets, but have set up the potential for

declining prices in those sectors possibly over the next four or five years.

I wholeheartedly agree that this potential for complacency about energy matters has to be overcome, that we have to continue to be working towards new and more efficient approaches to energy use and conservation wherever we can find them and to make them applicable in this province. I am suggesting that this diligence and effort have to be up front and visible in everything we do.

I go back again to what I suggested the other day. It relates not only to your ministry and to programs your ministry can put in place itself, but also to those things the Ministry of Energy can do to encourage the Ministry of Housing, Ministry of Transportation and Communications, Ministry of Natural Resources, of which you are also the minister, and a number of other ministries whose programs in one way or another affect energy use in this province.

The policies, the studies, encouragement, promotion and information that come out of your ministry have to be done in such a way that the Ministry of Transportation and Communications clearly understands them when it is considering, and I will use the example I used the other day, how many dollars it is going to invest in public transit in Hamilton, Sudbury or Ottawa and the overall net impact for the Ontario economy.

At the moment, the Ministry of Transportation and Communications looks at that kind of an investment in the normal way of how much it is going to cost the provincial budget and what ridership it is going to achieve in Ottawa or elsewhere. It is not looking at it as a tool for efficient energy use in the province or for saving municipal dollars on road budgets, etc. Those are things we have to start co-ordinating in this overall diligent approach to efficient energy use in the province.

The Ministry of Health operates hospitals all across the province and any number of the ministries in major endeavours use all kinds of energy. Your ministry has to reach out into every one of those ministries and promote new approaches to energy use. As far as I can tell, it is not effectively happening yet.

As I have said a number of times, I cannot blame you for that. The Ministry of Energy has not been under your control since its inception. You have been there for six months, and I cannot expect miracles in six months; but those are the kinds of things I look to you to start to promote and accomplish over the course of the coming months and years.

I would like to move now to page 24. I refer again to the private sector question. It is good and useful to start promoting and co-operating with the private sector to get the private sector involved in energy issues it is not involved in now, to the largest extent, in Ontario. However, I think your role has to go substantially beyond that in the context of energy policy development and technological research and development.

Another example of what I am referring to is mentioned on pages 25 and 26 where you talk about the HeatSave and HeatSave North programs. They are both good programs. Again, they do not go far enough.

There is one thing we should be looking at very seriously in this province. Not necessarily as a minister but as a member, you have been involved with constituents over the last decade who have been in touch with your constituency office from time to time about making repairs to their homes. They want to know what kinds of programs are available. You are aware of the whole range of loan and grant assistance programs that are available through the municipalities to assist home owners under the urban renewal category for repairs and maintenance to homes; programs that are essentially geared to low-income families, but in some cities to specific kinds of communities. The age of the community, for instance, comes into effect in some of those programs.

8:20 p.m.

Even though I am saying they are good programs, one of the things we have to do so that programs like HeatSave and HeatSave North can become much more effective programs in their ultimate application is to start lobbying to have major energy and conservation components built into all of the programs that are sponsored by other ministries and even by other levels of government.

I understand that most of the funds for most of those urban renewal programs are federal funds, but they are administered by municipalities. There is no reason this provincial level of government cannot, through its relationship with municipalities, see that those programs are upgraded to include as a requirement a greater energy conservation component.

To carry the whole thing a little further, the Draftproof Ontario program, which comes up on page 27, is a perfectly good program, it is targeted at the right people; but again, it is only a start in the direction we have to move in. There is nothing I can say to criticize the Draftproof program except that there are so many other

things that could be done along the same lines; maybe, as I have suggested, with federal dollars that would not have to come out of the provincial Treasury but that could carry programs like that so much further in terms of their effectiveness on energy-related matters.

My next comment refers back to the question we started out with, the overall importance of energy and energy issues to the economy of the province. I refer, further down on page 27, to the R-2000 homes. Nobody I am aware of is going to quarrel with you about the importance of programs like R-2000. It is time we started fighting at this level, because this is where it has to be done to ensure that the standards that are built into R-2000 homes become part of the Ontario Building Code.

Instead of your ministry having to go out every time proposals come up for new subdivisions in Hamilton, Ottawa, Sudbury or Thunder Bay and try to encourage a developer to do an R-2000 project, it should be mandatory in this province that the new housing we are building be suitable for the future, instead of continuing to build housing that is not suitable. If we take that approach, in 15 or 20 years we will not have to do retrofits to what was new housing in 1985 and 1986 and in most cases spend public funds doing those retrofits.

We have got to start getting tough with our relationships, in the Ministry of Energy, which supports the R-2000 program, and in the Ministry of Housing and the Ministry of Municipal Affairs, about amending building codes in this province to bring the standards up to a level that makes sense for the future.

I understand that it is not all the minister's responsibility, but I am asking him to play an active role in fighting for those kinds of things.

You made reference on page 31 to an energy-related curriculum for Ontario schools. I assume that your intention there is to start emphasizing to our young people the importance of energy in a climate such as we have in Ontario and the importance of energy to our economy in an overall sense. I applaud that. It has to happen, and it has to happen in a very aggressive way.

It is interesting that in some areas and in some schools it has already started to happen. I am not going to suggest any additional program here, but it is something you should stop and think about.

We talked earlier about the select committee on energy and the hearings we held on the Darlington generating station and all the pros and cons that were put. During the course of our

hearings we spent a day up in the Darlington area and did hearings virtually from dawn until dusk and well into the evening on that matter—almost until 11 p.m., if I remember correctly. One full class of students and several individual students came in and made presentations to those hearings. Interestingly, a couple of the students who came in and made a presentation on their own were from the Darlington area.

You have been a politician long enough to know that virtually everybody from the Darlington area who came in and made a presentation supported the completion of Darlington and the jobs that were being provided and so on. Interestingly, a couple of the students from the Darlington area made a presentation in opposition to the Darlington project; and the other class of students made a whole series of presentations, all of which happened to be in opposition to Darlington, even though those students did their presentations individually.

We need to start thinking about why those young people, who are thinking not necessarily about the jobs they have today or will have tomorrow but about the long-term future, came in and made those kinds of presentations. It might even behoove you to get your staff to get some of those presentations from the committee and look at some of those comments. I do not want to take up the time of these estimates by starting to read that kind of stuff into the record, but I think you will find the comments they had to make illuminating regarding the views our young people are developing today.

On page 37 of your presentation you got into talking about cogeneration, or parallel generators, and a new policy from Ontario Hydro to purchase power from parallel generators at attractive rates. I can honestly say we were all pleased early in 1985 when Hydro raised the buy-back rate, but it still is not adequate. I think you as the Minister of Energy have to rethink this, if you have not done so already. Perhaps in your response, if you have rethought it already, you can tell us about it.

Hydro is now saying that by 1995 we are going to have a buy-back rate in this province of 10 cents a kilowatt-hour, a buy-back rate that is higher than the production rate of Darlington. That is all well and good for 1995, after Darlington is all finished. It may stimulate some significant cogeneration in this province that is not viable now, but as part of the planning process this goes back to what I said earlier about reversing your approach to planning for electrical energy in Ontario, where you look at conserva-

tion first and then you look at cogeneration and move up the scale the opposite way.

In the planning process, when Hydro is trying to set its demand future and look at the kind of capacity it is going to have to add to meet that demand future, the only way you are ever going to get an accurate answer to whether another nuclear generating station is needed and how big that nuclear generating station needs to be—once you have done your preliminary planning and costing of that kind of project and can make some reasonable estimates of what the power coming out of that project is going to cost, i.e., in the Darlington case, 6.5 to seven cents a kilowatt-hour—is to go out to the industrial community, the hospital community, the waste-burning community and whoever else in this province is a potential parallel generator and ask at that stage—not after Darlington is finished but at the planning stage, at 6.5 or seven cents a kilowatt-hour—“How much power are you prepared to generate for us?”

8:30 p.m.

The only way you are ever going to get the right answer is by asking them how much power they can provide at the same or even at a lower cost than what the estimated cost of the power coming out of the plant 12 or 13 years down the road is going to be. If you do not get to that pricing level with your buy-back rates until after the plant is finished, you will never be able to use cogeneration or any other alternative to replace any plant. At 3.4 cents, which we currently have—or 3.5 cents or whatever it is—you are not going to get the same response as you would get if you offered them 6.5 or seven cents. I think you understand that.

The only way you are going to find out how much you can reasonably bring on stream is by being prepared to make the same estimated price available to them when you are trying to do your energy planning. That is something you have to think through, and think through very carefully.

On page 42 you again refer to parallel generation and cogeneration. There is something else that has to start happening. I am not sure whether it is most appropriate for it to happen in the ministry or in Hydro. Perhaps we can even deal with that question in the remaining portion of the hearings in the select committee, but I raised this during our hearings in September and I will raise it again with you now.

Although it is minimal at this point, we have some new industry coming on stream. We have had a number of major industrial announcements in this province during the last three years or so.

Take Stelco Inc., for example. Again, you are reasonably familiar with Stelco's facilities in Hamilton. You know the kinds of energy consumption that are going on in those plants and the kind of heat that is being generated in them. A substantial amount of cogeneration is already going on there.

Hon. Mr. Kerrio: At the Hilton Works.

Mr. Charlton: Yes. About two and a half years ago Stelco made a big public announcement about how it would undergo a major rebuild of the Hilton Works during the next five or six years. It started out very shortly after the announcement with the redevelopment of the largest mill in the Hilton Works, which is the 12-10 mill.

Hon. Mr. Kerrio: Do you think the investment at the Lake Erie Works cut into that?

Mr. Charlton: To some extent, yes. However, you see that the prime time to be talking to Stelco about cogeneration is while this major redevelopment is going on. You understand as well as I do that cogeneration that is built in when something is being constructed is the best and most efficient cogeneration and the best way to utilize the heat sources.

Those major public announcements were made, and we have recently had major announcements by Dofasco Inc. I am not as familiar with Dofasco because I do not talk as frequently with the management of Dofasco as I do with that of Stelco. We have a reasonably good relationship with both the union and the management at Stelco and they talk to us about things on a regular basis. However, Dofasco has recently made a major announcement about capital expenditure.

When those kinds of announcements are going on, somebody from your ministry or somebody from Hydro should go in there and ask: "What is this redevelopment that you are doing? Is there an appropriate place for additional cogeneration in this redevelopment?"

When I raised this with Hydro officials during the hearings, they said: "Yes, we tried to do cogeneration; but no, we did not go and check out those situations. No, we do not know whether there is any significant additional potential for cogeneration in the redevelopment that is going on." Those are the kinds of things we should be doing on a regular, ongoing basis, because energy is so important. We are missing the boat because we do not do those things.

We can move next to the comments you made on page 44, where you say, "Now it is time to ensure wider accessibility of assistance and, we

hope, to enhance the level of private sector investment in this area, since it is vital to our future."

That is an extremely important aspect of what has to go on in the development of our energy future. If I read what you are saying here correctly, you will find me extremely supportive if you are going to ensure wider accessibility to assistance in an aggressive way.

It is important, and I cannot emphasize this enough in the context of assisting industry in the private sector in this province, to utilize it both from a commercial perspective and from an investment perspective. I am speaking not only of investment in the sense of, "That is a good project to invest in," but of investment in their own technologies. There is a need to provide that kind of assistance, and it will reward us with substantial economic benefit down the road.

At the top of page 46 you refer to the project that is going to be funded jointly by the ministry, the feds and Queen's Quay. That is an excellent concept, a good project. It has got to happen far more often.

It is not just in innovative areas like this that it can happen. So much could happen in this province just with simple, even old, technologies; for example, steam district heating as opposed to trying to heat every single commercial high-rise building individually. We have a couple of district heating projects in Hamilton, one in place and another one under way.

These are the kinds of things we should encourage right across this province, especially in new commercial development—high-rise office tower development, other kinds of mall development and so on. However, we should also go into older commercial districts on an active basis in Toronto, Hamilton and the other major centres where we know they are constantly doing repairs on the old steam heating system and where there could be major economic benefits both to those commercial enterprises and to the province's energy picture as a whole.

We could go in and provide both technical, and in some cases financial, assistance to redevelop the heating system of a major commercial complex of five, six or 10 buildings. Whatever the case and the potential happen to be, we should actively promote those kinds of things wherever and whenever we can.

On page 47 you mention a program that I consider a useful and a good program. It is a program that is, as you say here, "designed to encourage more energy technology research, development and demonstration by funding up to

50 per cent of the net cost of projects." I applaud the approach. I only hope you are not using that kind of approach to research and development to ignore and avoid those things I mentioned earlier, the need on the ministry's part to ensure that research and development go on in a number of energy potential areas that are not yet at a stage at which they interest the private sector.

On page 48 you talk about the availability of technology. You talk about the exhibition and you make a number of good points there. However, if you or your staff spent a little time going through some of the presentations that were made to the select committee on energy—I imagine some of the staff already have—you would have seen that there are all kinds of existing technologies about which the average person in this province knows nothing, and that is a really sad comment.

8:40 p.m.

I cannot blame that on you particularly, but in addition to promoting these kinds of things—exhibitions are great, some people go to them—we should be producing information. There is a whole range of ways to get information out to people about energy-efficient appliances: fridges, stoves, light bulbs, light fixtures, any range and any number of things that exist and are being used in other jurisdictions.

We could use electric power commissions around the province in the various municipalities to get information about some of this stuff into people's hands. I would even like to see the Ministry of Energy, perhaps each year, produce a catalogue of energy-efficient technologies that householders and offices can use and get the widest distribution of that kind of material. The catalogue would not only describe products—and you do not have to play favourites in the catalogue; what you have to do is provide information—but also describe what they are capable of, how they compare to other products with respect to energy consumption and the kinds of costs of operation that will mean to consumers over the life of that appliance if they buy it; information that will help consumers.

For example, if you have two fridges in the appliance store when you go to buy a fridge, one is an efficient fridge but it is \$300 more than the inefficient fridge; if you do not know what the differences are as a consumer, you will buy the cheaper fridge. It looks just as good. It keeps the food just as cold. You could provide information to show this fridge costs \$300 more but it is going to cost \$5 a month less to operate the damned thing, so in a very short time one can recover that

extra capital cost. If, as most fridges do, it lasts 15 to 20 years, the savings to that consumer can be quite substantial.

Those are the kinds of things we have to start giving the consumers in this province. I do not know how else they are going to get it if we do not start taking some initiatives to see that those kinds of things happen.

There are a few retailers out there who are interested in energy conservation and who do these kinds of things but they are very few and far between. The average retailer is interested in selling stuff and is not interested in learning about all the features of that product and making that information available to consumers.

In wrapping up, that sets out for me the kinds of approaches we should be taking through the Ministry of Energy and the kind of philosophy we should apply to the operation of your ministry and to its relationship with the other ministries of the crown, as well as with the private sector and the average home owner-consumer of this province.

I am suggesting that the Ministry of Energy is an extremely important ministry and should be expanded dramatically, both with respect to its overall role and the kinds of relationships it has in Ontario.

Thank you for the opportunity to make these comments. I look forward to discussing the various aspects of the ministry.

Mr. Chairman: I assume the minister wants to reply to the two critics.

Hon. Mr. Kerrio: Yes. At the outset I would like to bring into focus some of the things that have happened to me since I have taken over this ministry. I am very much impressed with the staff my government has inherited. They have been excellent in putting forward the kind of information I have requested of them. I cannot suggest we have done in the short term everything we want to do in the ministry, but I cannot fault the staff for not being very willing to put forward the kind of information necessary for us to build on. Let us face facts: the thing that makes the difference is the government in power and the people who direct the ministries.

For me, today has been an excellent exercise, my first involvement in this kind of circumstance, and it points up something very important, good and bad, about the process. I was always of the opinion that committees function more closely, that we set aside some of our partisanship and are able to bring into focus important things for the good of the people of Ontario.

I am sorry to say that has not happened here. The official opposition party, which does not really understand it is not good enough to make nasty remarks and do things that have no depth to them, has put forward no alternatives. There has been no real input by the representative. I suspect Mr. Jackson did not feel well enough to come here after he read that prepared material.

On the other side, there has been what I consider an excellent presentation on the part of the third party. It is the kind of input I expect here, the kind you will need to put forward the kind of views and good things that might happen to those people who elect all of us.

As I say, anyone can read old clippings and speeches and dredge them up. It really is not that productive. My leader has said we are going to have open government and I came here with an openness that I thought would encourage people to put forward not only criticism but also some of the things we might do; put forward alternatives.

Having not too long ago come out of the baseball season, I would say we are batting .500. The old Tory guard let us down miserably and those people with whom we arranged to form the government have come through with flying colours.

Having said that, and keeping the perspective of what we are here for and what we are about, I will respond to some of the questions and comments. In some instances they have been brought forward by both parties. I shall not separate them. The official opposition might take some feeling of achievement from participating with some of the comments that have been made by the third party.

When the comment was made by the official opposition that there is no energy policy, that is the kind of message that is put forward by those who do not have any policy at all and figure it is a good way to defend a position that is indefensible.

What I would like to respond to with respect to policy is that it is a changing situation. It is dynamic. A few years ago, there were widespread concerns about energy supply and prices. Most people would agree Ontario has access to adequate energy supplies for a time to come, but there has been volatility in gas and oil prices and international markets, so you cannot say you can develop an energy policy that is good for all people for all time. That is something that has to be quite flexible and has to have input and co-operation from all sides.

8:50 p.m.

One of the things we could talk about with regard to strategy, because it was brought forward by the official opposition, is that it is very difficult to develop strategies in isolation. The first thing the former government did when it got a mandate was to dispense with the select committee on Ontario Hydro affairs, now called the select committee on energy, which I think was one of the most efficient committees this Legislature had seen in a good long time.

It came into being in 1975 and had input from many excellent people from all different vocations. Academics, people in the nuclear field, you name it, they were here before that committee. It was very disturbing that the first thing that happened when the government was given the mandate was that it did not have that forum to open the doors on many of the problems we had in the past.

When we talk about energy, we have a good number of strategic directions: the efficient use of energy, the introduction of regulation changes to adapt to more open energy markets, the strengthening of responsiveness to the environmental impacts of energy, the promotion of a greater range of energy supply and utilization technologies; there are many directions in which we can go.

When we talk about an energy policy, it has to be one that is flexible enough to adapt itself to the time and place. That is what this government is about. I hope that from this day forward, instead of producing snapshots of events that happened five years ago, you might come into these modern times and do what the third party has done: bring forward alternatives and things that we all could share and put into place.

One of my assistant deputies has taken into account some of the comments made by Mr. Charlton so that we can look into those events. They are very interesting. We have been talking about them in recent times; such things as the efficiency of refrigerators and things that are used around the home. We are not getting the co-operation we should get from the federal government. They have not seen fit to phase this in as it relates to imports on the national scene. That does not surprise me one little bit.

We could play a role and do the kinds of things that you have suggested about amortizing a more efficient piece of machinery, equipment or household article. Many things were put forward. I am not going to respond to them in a particular way, but simply as the notes we have prepared come before me.

While they are fresh in mind, I will respond to a couple of things that were brought forward and that I have shared with Mr. MacOdrum and say that we will be looking into them in the immediate future as they relate to cogeneration and efficient use of energy in the Hilton Works and some of the other major power users in and beyond this immediate area. Those are the kinds of things worth responding to and worth looking into.

Within the ministry, we have been going in many directions that this new government has decided are not efficient and do not make the best use of government funding, so we are pulling back some things put in place by the former government, especially the type of things that intrigued it, bells, whistles and all the noise-making things. We will be bringing into place some worthwhile energy-saving devices and conservation measures that will have a more immediate impact on what we are doing.

There will be a winding down of some of the corporations that we feel did not do as much as they should have for the citizens of Ontario. The Ontario Energy Corp. is a real jewel. Think of Suncor Inc. and some of the investments we made in drilling. Not only did we make investments and start drilling a hole in the ground, but we have kept pouring taxpayers' good money down the hole ever since. This government thinks it can use some of that money in a more efficient way.

Many of you are aware that the Premier (Mr. Peterson) has brought on a special assistant in Mr. Kruger. We are going to do the best we can with some very bad investments. It is the strangest thing that the things the former Tory government used to get credit for as good management we have since discovered would have unfolded anyway. They were really on automatic pilot, taking credit for doing nothing but skating around the issues and making some very bad investments which we will proceed to sell off or deal with however we can. We will get this government operating in a very efficient way.

In order to do that, we are looking for your help. I hope that you will accept some of the responsibility for those past sins and that you might turn around and put forward some reasonableness in the 10 hours or so we have left for these things.

Mr. Gordon: On a point of order, before the minister gets too wound up, will we get a chance tonight to offer you some of our suggestions?

Hon. Mr. Kerrio: I do not think that should happen.

Mr. Pierce: I thought we were going to reinvent the wheel here tonight.

Hon. Mr. Kerrio: Your questions took you two and a half hours. I think the least I could do would be to address myself—

In fact, we have an A, B and C list here. We have set aside most of the questions we thought were not worth answering. I do not want to offend you, but that is the way it is.

Mr. Gordon: All right. I will get my chance in a few minutes.

Hon. Mr. Kerrio: We will address ourselves to some of the major issues that were brought forward. One question was where we were in the natural gas pricing arrangements with western Canada. In your kit there is an interesting article that was written in reply to a western writer. It was reprinted in Oilweek.

Mr. Haggerty: It is a good picture of the minister.

Hon. Mr. Kerrio: It is coincidental that it has my picture with it. It is one of the better pictures I had; they got all the creases and everything out.

Mr. Charlton: It is a much better picture than the one they used on the annual report.

Hon. Mr. Kerrio: That is the old government, the former government.

There are some things I put forward that I thought we should get on the record. They relate to the involvement of the ministry and the minister in the natural gas pricing agreement.

I was of the opinion that we concur with the national perspective that a natural resource most properly belongs to the province where you find it. The greatest benefit should flow to the province where that natural resource is located.

When you make an attempt to export that resource, the federal minister then becomes a party to the agreements that have to be entered into. The major user of that resource, which in this case was natural gas, should be able to sit at the table with the people who are going to determine the export of that resource.

We made application to and received assurance from the Minister of Energy, Mines and Resources, the Honourable Pat Carney, that we would be given a place at the table. I am sorry to say that subsequent to that commitment, someone brought pressure to bear.

The ministers and many of the people in the new federal posts come from western Canada, but I do not think the minister would have let that influence her in any way, any more than the

Ontario judges would allow their pay to influence them.

However, it seems as though there were influences brought to bear that caused us to be eliminated from full participation. I think we made an excellent appeal to the minister. There was a personal visit and letters shared with the federal members from Ontario.

The chronology here is quite long. We did everything in our power, but there was no way we, as the major Canadian user, were going to be allowed full participation in the events that would decide how gas would be exported from this nation. It was something that was very difficult to take and I am sorry it unfolded in that way. I was making every attempt not to become involved in a confrontation with our western provinces because I do not think that is in the best interests of Ontario.

9 p.m.

We in the ministry were attempting to suggest that while Mr. John Zaozirny, Minister of Energy for Alberta, which is one of the major producers, had every right to put his position forward in an attempt to maximize the benefits of that resource for that province, we felt if Alberta were going to export it then Ontario in turn, as a major user, had every right to sit at that table. In fact, some comments were made that would lead to confrontation.

If you read this article, you will find many things that had been considered as gospel over the years and that the western people were using as arguments were not true. Typically, they were suggesting that if Ontario were to share with the west the advantages of its manufacturing base they would be very prepared to share that resource with Ontario.

The strangest thing was that the former government had not done the research. Whether they were not interested or thought they could make deals with the western Conservatives I do not know. We did find out a very interesting thing. When we went into the research on automobiles manufactured in Ontario, we found they were sold in Calgary at approximately the same rate, and in some instances at exactly the same rate, as they are sold in Toronto.

We were cross-subsidizing shipping cars from Ontario to Alberta while all these years they have been using the argument that we had full advantage of our manufacturing base and were not sharing it. However, this was not the case. This is only one—

Mr. Pierce: Can you extend that courtesy to northern Ontario?

Hon. Mr. Kerrio: Same thing; it is there already.

Mr. Pierce: On automobiles?

Hon. Mr. Kerrio: Yes; the automobile manufacturing companies have done this on their own.

Mr. Haggerty: I pay the same shipping charges for an automobile purchased in Ontario as they do in the western provinces.

Mr. Pierce: It is not showing up in the price tags.

Hon. Mr. Kerrio: I think the difference in shipping charges is minimal.

Mr. Pierce: I will try it first and find out from the dealers.

Mr. Haggerty: It is \$345 for a car.

Hon. Mr. Kerrio: That could be the case. I will not quarrel with you about that.

Mr. Mancini: We should check the rates in Amherstburg. I think we are being ripped off.

Hon. Mr. Kerrio: That could be, but what we are saying is that the arguments being used in the west were not fact. We have been cross-subsidizing many of the manufactured products from this province right across Canada and allowed that argument to be used.

I would like to do in-depth research on this issue. I hope we can convince some of the people in other provinces that when there is going to be an export of natural resources—and we are talking about free trade and all those good things in Ottawa—we had better find out whether we have free trade between provinces before we start talking about a north and south involvement.

I want everyone here to know, because it was a very important question, that we did everything possible in every way possible to convince the federal people. I guess they are losing interest in the national good as it relates to a political party. I am very sorry to hear that because we will all suffer for it. I hope the next election will change all that.

Mr. Chairman: Is this the same person who was talking a few minutes ago about nonpartisanship in this committee?

Hon. Mr. Kerrio: I digressed to show the human side of things. Did I say that? Can you take that off the record? Scratch that last remark.

We were talking about buy-backs. I cannot say we have made anything other than the arrangement that currently exists. I think the examination of buy-backs is very important, especially on all types of generation, not necessarily hydraulic. We will examine that. It is an important way to

get some of the potential that exists out there into the system.

I am very pleased to see that one of your representatives came to the ministry about a site, a small project that might be done by a private entrepreneur. There are some instances of a site being brought to us that would not be bid, because it was what might be described as similar to a mining claim. You find a remote site and say, "We can do it for this kind of an involvement. It is a good one on which we can do the research."

I am sure your people will bring that to your attention. It is one with which we are going to go forward. The buy-back arrangement and the kind of moneys should be considered, and I will be talking about that with Mr. Campbell.

Ontario Hydro accountability is something we have always mentioned. The former government has suggested that Hydro should not become a political football, that it should be removed from legislative involvement or any input from the Legislature or the minister, that it should just report properly. That was said, but it was not quite a fact of life.

A former Treasurer proved that the government had a longer arm than the Legislature and the opposition. When they saw fit to do it, they could reach beyond the Legislature through the minister of the day, Mr. Darcy McKeough, and say, "You cannot borrow \$5 billion." In a sense, they were taking complete control of Hydro, while at the same time coming to the Legislature and saying, "You people on the other side cannot get involved."

When I talked about staff and the people willing to put forward what is in the best interest of Ontario, it usually gets mucked up by the politicians. The same thing happens with Ontario Hydro. There are many dedicated people at Hydro, but I do not think the former government had the will to meet with the management of Hydro and talk about the things that should be done to make it more efficient and to do the things we talked about when we were in opposition.

We are going to do something about it now that we are sitting on these benches, and that is pretty important. Hydro accountability was at one time within the mandate of the government of the day. When it came to making important decisions, that government said the Legislature should not be involved with Hydro. Yet, in regard to funding and borrowing, they could direct it in one way or another.

From the indications I have been given, Hydro is willing to consider what it should be doing to

benefit the power users in this province, and I am asking this committee to do the same. I have a strong feeling that if we go to Hydro, we can expect the kind of co-operation I am looking for.

In regard to potential, there are numbers everywhere relating to hydraulic cogeneration and such things. I think there is a great deal more out there for which we have not been given numbers. We should encourage Hydro, wherever practical—coming from the business sector, I did get into philosophical arguments from time to time with my friends from the third party.

I was always of the opinion that the kind of free enterprise I talked about truly reflected the competitive spirit that gives good value for the dollar. It does not have anything to do with cartels, price-fixing or those other things. There is a great deal of difference in where you come from in that regard. I think there is potential. I am very pleased to hear that the third party is willing to accept that kind of input from the private sector. As long as it is done in a way that is competitive and efficient, there is a role for them to play in that regard.

Mr. Chairman: You are not talking about gas prices in the north.

Hon. Mr. Kerrio: Do you want me to talk about gas prices?

Mr. Chairman: No, I meant in terms of competition.

9:10 p.m.

Hon. Mr. Kerrio: That is on the list here. Do you want me to pull it out now?

Mr. Chairman: No.

Hon. Mr. Kerrio: In any event, we think there is a great deal more potential out there than is generally accepted. Considering all the potential with cogeneration and the sites, we are fully prepared to put our position to Ontario Hydro.

The study on gas prices is about to be released. I have shared some of its findings with you in the House. I am not going to suggest here today that we have any resolution to the problem of equating the prices with those in northern Ontario. The ministry is prepared to accept the positions of the various parties about how to properly address the cost to northern Ontarians.

According to the report, which is as much information as we have at this point, the competition is there but the volume is not. The extra cost of transportation is considerable. Unless we do something different—I am open to suggestion.

Mr. Pierce: As a northern Ontario resident, I have not heard of anyone going around northern

Ontario studying gas prices at present. There is certainly no public input, so the study you refer to must be an internal study.

Hon. Mr. Kerrio: No, we have taken on people from northern Ontario to participate. We are checking the prices all across northern Ontario. We are attempting to make comments about why those prices are where they are in northern Ontario as compared to prices in southern Ontario.

That is not going to be an answer; it is going to be a report on what is transpiring there. There is a great move now among the major oil companies to discuss rack-pricing. There are people who think that will eliminate price wars and people who think it might even add to the competition to bring prices down. It is hard to say what the effect is going to be. So far, only one major oil company has adopted that mode.

By and large, we know what the prices and variables are. It is a matter of how we decide to accommodate the people in northern Ontario, of how to bring the prices more in line. That report will be out, I think, next month at the latest.

Mr. MacOdrum: Yes.

Mr. Pierce: In fairness, we will wait until the report comes out to offer any opinion on it. It will be interesting to see the findings.

Hon. Mr. Kerrio: Yes, you will get more information from one of the presentations the staff is going to put forward. Where is that? I will shorten my comments if we are going to get into that one because it is very important. Is it in this number 1 panel?

Mr. MacOdrum: Yes.

Hon. Mr. Kerrio: That is one way to get rid of the minister.

There are many other items. To respond to them all would take nearly as much time as my opening statement. If there are specific questions—I want to get on to the record my feeling and my encouragement to all of you to put forward your help to the ministry.

Mr. Chairman, I can start with that presentation on the pricing of crude oil and petroleum products, which would respond directly to the question you and some of the members have raised.

Mr. Chairman: There are a couple of members who wanted to ask questions. Then the committee as a whole must decide whether it wants to proceed with the presentation by the ministry or with discussions.

Mr. Mancini: How long will that take?

Mr. MacOdrum: We are proposing three presentations for this evening, one on crude oil and petroleum products, which deals with the crude oil and product price outlook, the north-south study and the situation of the current refinery balances.

Second, we have a brief presentation on the natural gas situation to which the minister has alluded in terms of the current agreement, what is developing with respect to more market-oriented natural gas markets, the steps that have been taken by the Ontario Energy Board and where that matter stands, and the current situation in export markets.

Mr. Haggerty: How much time do we have on these?

Mr. MacOdrum: Third, a presentation in the electricity area. Each one is about 20 minutes to half an hour.

Mr. Haggerty: Each one?

Mr. Chairman: I do not think the committee was informed of this ahead of time so it is a surprise to us. I did not know.

Is it the wish of the committee to proceed with some brief questions from members now and then go on with the presentations? This is a decision the committee should make.

Hon. Mr. Kerrio: I am easy.

Mr. Haggerty: I had my name on the list there.

Mr. Chairman: Mr. Smith was first and then Mr. Haggerty.

Mr. Haggerty: I have some questions on natural gas. My own opinion is that we should wait to see what the presentation says.

Hon. Mr. Kerrio: That would be productive.

Mr. D. W. Smith: I have a feeling my questions may not be on the presentation, but I would like to ask them. It is up to the committee to decide.

Mr. Chairman: Does the committee wish to proceed with the presentations?

Mr. Pierce: Will we have an opportunity to come back to questions in all areas? The minister is not going to vanish.

Hon. Mr. Kerrio: Yes, you will and you can question on the presentations as well.

Mr. MacOdrum: We will get the presentations under way. I will introduce the officials of the ministry who are going to participate in the first presentation. They are Dick Moyse, who is senior adviser on crude oil from the oil and gas section of the energy policy and planning division; Dr. Cliff Jutlah, who is familiar to some

members of the Legislature, manager of our economics and forecasts section, and Barry Bower, who is senior adviser on petroleum products. They will briefly take us through some information on the current crude oil and petroleum products.

Mr. South: Do we get copies of these?

Mr. MacOdrum: Yes, we will make them available right now.

Hon. Mr. Kerrio: Okay. First, we are going to conserve energy and turn the lights out.

Mr. Moyse: Gentlemen, I would like to give you a very quick runthrough on what has happened in crude oil pricing, primarily since decontrol last June. This graph—I hope you can see yours in your package—shows the recent history and a short-term projection of the cost of light, sweet crude oil in the Sarnia refining centre.

Of particular interest is the price decline which started immediately after prices and markets were decontrolled on June 1. Part of this decline resulted from declining world prices but the rest arose because the controlled prices were above world market levels.

The price increases, starting from the low point in September, mirrored the U.S. and European markets. For December, however, Canadian oil buyers misread the international markets rather badly and had to rescind their December 1 increases quickly. That is the spike at the right-hand end. Very few changes have yet been implemented in January but downward pressure is now being seen for both U.S. and North Sea crudes.

9:20 p.m.

Our short-term forecast, which unfortunately does not show up too well on the screen, is for further price declines. We have it dropping about 10 per cent by the fall. A key factor in how rapidly and how far prices will drop is what level of market share the Organization of Petroleum Exporting Countries will attempt to defend and how strongly that organization will try to defend it. The projection I have shown here assumes a general decline to a level of about US\$24 per barrel by the fall of this year.

Mr. South: Excuse me. How do you get \$24? I am looking at a graph here that goes down only to \$30.

Mr. Moyse: Our graph is in Canadian dollars. The number I have used is in US dollars. That relates to a current Saudi Arabian official price of \$28.

This sketch illustrates how Canadian light crude prices are established. It shows spot prices at several points within the United States and offshore. Contract and spot prices for west Texas intermediate, or WTI, which is the bellwether United States crude, are estimated, including pipeline tariffs to Chicago. From that average of spot and contract prices we subtract the US import duty, which is about 10 cents per barrel, and the Edmonton-Chicago pipeline tariff, which yields an Edmonton price.

As a check on the competitiveness of this price, the Edmonton-to-Montreal tariff is added and the results are compared with the estimated Montreal cost of offshore crudes such as North Sea, Brent or Nigerian Bonny Light.

When each of the major buyers is satisfied that he has established a competitive Edmonton price, he subtracts the fuel transportation costs and any quality differentials to establish prices for each field in which he wants to buy. He then posts that price list as his offer to buy crude oil from the producers. Many oilfields will have as many as six or seven major buyers making such price offers.

That is how the pricing system works. I do not know whether there are any questions on that.

Mr. Haggerty: Is that based on the American blended price of oil with their own home consumption?

Mr. Moyse: Generally, they are using the high-quality US crude stream known as WTI. That is the one quoted on the futures market in New York and is the most commonly used as a benchmark crude.

Mr. Haggerty: You could buy oil now on the market at about \$19 a barrel, shipped to the eastern United States.

Mr. Moyse: Yes, and these are the quality differentials that I mentioned.

Mr. MacOdrum: The western intermediate is the marker crude used as a reference. That is the WTI, which is a major crude oil source coming up from the gulf into the Chicago area and is used as a pricing indicator.

Mr. Haggerty: That is blended with their home production, though.

Mr. MacOdrum: It is a US domestic crude.

Mr. Haggerty: It contains imported too, though. They blend it in there and get the price up higher.

Mr. Moyse: Not for this WTI. Those are the major light, sweet crudes coming up out of the west Texas basins.

Mr. MacOdrum: As Mr. Moyses has said, it is just one of the crude prices that influence what the buyer in Edmonton is going to offer. He is going to look at the price of the crude coming in from offshore as well.

Mr. Moyses: They look at both markets to try to establish those prices.

There is quite a difference, incidentally, in the way different buyers look at them. At the moment there is a spread of about \$1.50 a barrel in the posted prices for the same quality crude in Edmonton. That is for the month of January. In December they were quite a bit closer. Each buyer is coming up with different readings of what those markets are.

Dr. Jutlah: I would like to give you some perspective on the longer-term situation with respect to crude oil. In order to do so, I would first like to put the crude oil market in perspective by looking at what has happened in the past 10 years to total energy consumption worldwide.

What you see in this chart is the consumption in the noncommunist world. It shows that total energy consumption has grown by a fairly small amount, something in the order of one per cent per year during the past decade. When you compare this with economic growth worldwide you find that the average growth was in the order of 2.5 per cent per year. That was the situation from the middle 1970s to the middle 1980s.

If you go back to the decade prior to that, the 1960s, you find a much stronger relationship between energy growth and economic growth. During the 1960s energy growth proceeded at roughly six per cent per year while economic growth was in the order of five per cent per year.

During the past 20 years we have witnessed a significant decoupling of the relationship between energy consumption and economic growth in the noncommunist world. That decoupling has arisen because of significant price escalation in the 1970s. It has also been due in part to technological changes and structural changes in industrial economies.

As you might note from this chart, the share of oil in total energy consumption has dropped, since the level has been more or less flat during the 10-year period while total energy consumption has grown. Oil has been replaced, to some extent, by coal and by nuclear power.

Let us look a little more closely at what has happened to crude oil production worldwide. The point that emerges very clearly from this chart is that OPEC is still a major oil supplier, but the world market has been increasingly penetrated by the Soviet Union and by new producers

such as Norway, the United Kingdom, Venezuela and Australia.

In the 1960s about two fifths of the discoveries of oil were outside the Middle East; in the 1970s this had grown to more than four fifths. This was a clear indication that a number of countries attracted investment in areas where there seemed to be a potential for oil discovery. That, of course, led to an increase in the supply from new sources, which in turn helped diminish the importance of OPEC as a leader in the world oil market. The events of the past decade have certainly led to more intense competition for crude oil on the supply side.

Mr. D. W. Smith: How do you see those lines projecting from OPEC and others? Do you see them converging or are they going to remain parallel?

Dr. Jutlah: I would like to touch on that in the next slide.

Mr. D. W. Smith: Okay; thank you.

Dr. Jutlah: Looking at the long-term picture, one has to focus to some extent on the reserve position of various countries in terms of the level of crude oil inventories.

What one finds when one compares 1975 with 1985 is that OPEC still controls roughly two thirds of the total reserves of crude oil. Between 1975 and 1985 there has been very little or no growth in the total level of reserves. This means that virtually all the oil that has been discovered in the past decade has been produced and used up. The suppliers who have recently come on the market are the ones who are depleting their resources most rapidly.

9:30 p.m.

If you compare the live indices for crude oil in the OPEC countries, or in the countries that are now members of OPEC, you find that some of them have reserve indices of more than 100 years. For example, Saudi Arabia has 104 years in its life index, which is the reserves-to-production ratio; Kuwait, 338 years; and Iraq, 100 years. On the other hand, some of the new suppliers who have come on the scene have reserves-to-production indices that are much smaller. This suggests that as one goes into the turn of the century, it is quite likely that the dominant members of OPEC will regain their market power to some extent.

Mr. D. W. Smith: Do the OPEC nations that you mentioned control the oil, or is it still controlled by the big oil companies?

Dr. Jutlah: That is an interesting question. In 1970 about 10 per cent of the oil produced in the

Middle East was controlled by the host governments with regard to their equity positions. Currently it is more like 90 per cent.

Mr. Gordon: What formulas do you use to determine reserves?

Dr. Jutlah: These data are based on the statistics put together by British Petroleum in its Statistical Review. They are based essentially on the proven reserves, reserves that are known to exist and that can be extracted using known technologies.

Mr. Gordon: Working at current consumption figures or average consumption figures over a period of years?

Dr. Jutlah: In computing the reserve-to-production ratios one takes the level of reserves and divides it by the current levels of production.

Mr. MacOdrum: These are reserve figures; they are not production figures.

Mr. Gordon: I realize that. That is why I am asking you how you determine—

Hon. Mr. Kerrio: How do you base the reserves?

Mr. Gordon: You say there are 100 years' reserves. Why do you not say 115? Why do you not say 150?

Mr. MacOdrum: The reserves-to-production ratio is generally stated at current rates of production, so you divide the current rate of production into the known reserves.

Of course, it is not that simple a mathematical calculation. Because of the geological properties of the reserves, they are going to come out at different rates. The tendency is for more of the reserve to come out early and less to come out later, but that depends on the nature of the reservoir and on how much somebody is willing to spend to put in secondary and tertiary recovery processes. It is a function of price.

Mr. Chairman: If I may follow up, Mr. Gordon said it is based on the amount of production.

Hon. Mr. Kerrio: What you are using; yes.

Mr. Chairman: I am confused about the consumption.

Mr. MacOdrum: When people state that there are 100 years' or 30 years' reserves, they generally are just taking current production and dividing it into the known reserves. They are usually stated as proven reserves, but sometimes people are more careless and say "proven" and "probable" or something like that. However, it is generally just a function of dividing current production into proven reserves.

Mr. Chairman: So it is not based at all on projected sales or on projected consumption around the world or in markets in which they sell.

Mr. Moyse: It is usually done on the basis of fixed figures such as last year's production.

Mr. Gordon: That means the consumption.

Mr. MacOdrum: That is when those statistics are stated in that bald fashion. We get into looking into these things often from a national perspective. We do look at production forecasts for a known set of reserves or, if we are looking at natural gas, at a deliverability forecast. Then it does take into account some of the subtleties of the geologic nature of the reservoirs and the economic conditions that may prevail. However, when people quote statistics like 100 years or 300 years, whatever it is, it is generally just a simplistic division of current production into total reserves.

Mr. Gordon: In talking about this, given that we have had a great deal of energy conservation in North America, in Europe and so forth, and given that the price of oil is falling for a number of reasons—first, because there is more supply coming on from other sources, and second, because of conservation—what is the difference between what the Arabs had in reserve five years ago and what they have now? Has that changed it at all?

Dr. Jutlah: It has not changed very much, and the reason for this is that there has not been a great deal of exploration and new development within that general area. Most of the new money has gone into areas outside the Middle East.

Mr. Gordon: Let us talk about Saudi Arabia. That is not a very good example, though, because they always manage to sell their oil ahead of everybody else. If we pick another Arab country, Libya is not a very good example, either, because it has sweet oil.

Mr. Moyse: We could take Kuwait. Kuwait is producing about 900,000 barrels a day. It has a capacity of perhaps three million barrels a day.

Mr. Gordon: Are they producing the same amount today as they produced five years ago?

Mr. Moyse: No, they are producing somewhat less. Five years ago they were producing about two million barrels a day. They are now producing about 900,000.

Mr. Gordon: If you factored that in, would it not make a difference to the reserves they are looking at?

Dr. Jutlah: It makes a difference in certain countries, but if you take the group as a whole you will find a very small change.

Mr. Gordon: I understand, because the Saudi Arabians are probably selling more.

Dr. Jutlah: That is right. A couple of years ago—say, at the beginning of the 1980s—the index might have been 33 years and now it is 34.5 or 35.

Mr. McGuigan: Not that it would matter to any of us, but the 100 years that you project for a particular country is based on the continuation of present trends. Economics will tell you that as the supplies go down the prices will go up; as the prices go up consumption will go down. So the last bit of that oil would still be around here 500 years from now. It is not that it matters to any of us, but we will then probably have shifted to more nuclear or whatever.

Mr. Gordon: We might be here, if you believe in reincarnation or something like that. Who knows?

Mr. McGuigan: I come from a long-lived family.

Mr. Moyse: There is also another perspective. In northern Alberta, in the Cold Lake-Fort McMurray-Wabasca-Peace River area, very heavy crude bitumen reserves in place are estimated at about 1,200 billion barrels. There is an economic-technical problem in exploiting it.

Dr. Jutlah: Out of that only a small fraction is recoverable.

Mr. Gordon: That is with today's technology.

Dr. Jutlah: Yes.

This slide shows what has happened to the world oil price during the past 12 years and our projections of what the price might be to the year 2000. It is quite clear that between 1973 and 1980 the price escalation was due to the exercise of cartel power by the OPEC group. However, the cartel overshot the limit price, the price that would prove attractive to new supplies. As a result of competitive forces and significant reductions in oil demand, we have witnessed a severe erosion of the overall price since 1980.

We do not think that erosion and weakness in the world oil price is over yet; we think it will continue for a few more years. What we have shown there is a range within which we think the price might fluctuate as we get into the 1990s.

I should note that what you are seeing on the vertical axis is the price in US dollars at 1985 prices. These are real prices, we have eliminated the inflation factor from the future prices as well as from previous prices.

9:40 p.m.

In our base case outlook, which is the middle line, we are looking at a price that is likely to rise in the early 1990s and fluctuate somewhat during the 1990s but rise towards the end of that decade. We do not see the potential for a major increase in the price during the 1990s. However, there will be upward pressure as a result of the increase in consumption that is likely to follow the current price declines and the worldwide resumption of economic growth that has been stimulated in part by the reduction in world prices.

One possibility shown by the bottom line on that chart is that the price could well have fluctuated at a level only marginally below today's price. A substantial body of opinion suggests that by the turn of the century the real price of oil will be lower than it is today. However, there is a great deal of uncertainty and most of the projections for the world price are that prices will remain in the \$20 range to the \$45-to-\$50 range to the end of the century; that is in constant 1985 dollars.

Mr. Chairman: What is the difference between those prices and prices at the gas pump?

Dr. Jutlah: We will get to that in a moment.

Mr. Chairman: Not just in northern Ontario.

Mr. Gordon: If you are talking about constant dollars, in other words, \$40 to \$45 in the year 2000, you are not working inflation into that.

Dr. Jutlah: That is right. Those prices do not include the inflation factor.

Mr. Gordon: Therefore, if the price of gasoline and oil is up in the year 2000, it might well be for government taxes.

Dr. Jutlah: If you use the base case, which is the middle line, the price at the turn of the century for gasoline in the Ontario region is not likely to be significantly different from what it is today in real terms.

Mr. MacOdrum: The price at the pump will be influenced very much by a forecast that is not on the graph, and that is what the consumer price index is doing. Oil prices will reflect whatever inflation is at the time. That will be reflected in the prices at the pump.

Mr. Haggerty: At that time, we will be using gas, oil and hydrogen.

Mr. MacOdrum: You will not be buying gasoline in 1985 dollars.

Mr. Gordon: I understand that point. The point is that you are saying gasoline or oil is going to cost the same in the year 2000 as it does today.

Dr. Jutlah: In real terms.

Mr. Gordon: In real terms.

Mr. Pierce: In real terms in 1985 dollars.

Dr. Jutlah: That assumes, for example, there are no further changes in tax structures and tax rates within Canada.

Mr. Gordon: As to your argument about the CPI, one of the biggest things influencing the CPI over the past seven years has been the price of oil. If the price of oil is not going to go up in actual dollar terms, then inflation is going to grind to a reasonable rate over the next 10 to 15 years.

Dr. Jutlah: The price of oil is only one element in the CPI. In the past 10 years it has exerted a significant influence because—

Mr. Gordon: That is right. Insurance costs will probably be a big thing for the CPI. It is going to replace the oil price.

Mr. McGuigan: There is no question about it.

Mr. Haggerty: Using your crystal ball and looking at the dollar value in American dollars—the American dollar is rather high at present, but basing it on that—arguments have been put forward to the government of the United States, particularly in Congress, that the American dollar will have to be lower for the United States to be competitive in world free trade. What change will that cause in the overall picture you are forecasting?

Dr. Jutlah: As long as the price of oil continues to be set in US dollars, the outlook would not be affected. The dollar values will remain the same. However, if the yen or the mark, for example, appreciates in relation to the US dollar, thereby causing the depreciation of the US dollar you are talking about, the Japanese and German buyers of crude oil will find the real price coming down.

Mr. Haggerty: There would be no effect on Canadians.

Dr. Jutlah: That depends on the movement of the Canadian dollar in relation to the US dollar.

Mr. MacOdrum: We have witnessed a phenomenon whereby we have experienced lower real prices in oil recently, but western Europe, where the currency relationships to the US dollar have been quite different from ours, has experienced higher oil prices. The foreign exchange rate is a very important determinant of what the consumer experiences in oil prices. Even though the behaviour of international oil, priced in US dollars, may be quite stable and going down, that does not necessarily mean that

would be the impact, and it has not been the impact in many western European countries.

Dr. Jutlah: The chart shows some pressure points arising from fluctuations in the price of oil. We have plotted the US dollar price on the horizontal axis; on the vertical axis, everything is converted to Canadian dollars.

Currently we are in the \$24 to \$28 per barrel range. As the chart shows, the average netbacks to producers in Canada are in the order of \$9 to \$10 or \$9 to \$11 per barrel. If the price floor were to drop to the US\$20 to US\$24 range, and the Canadian dollar exchange rate were to remain roughly where it is at the moment, the price of oil in Canada would drop. That would lead to a number of significant changes in revenue sharing in Canada.

For example, the federal government could lose as much as \$2 billion in revenues, assuming it did not raise taxes on other commodities—downstream, for example—to bolster its revenues. There would also be some reduction in the royalty take, because royalties are based on the price at the wellhead and there would be reductions in the netbacks to producers.

If the price of oil drops below \$20, a number of pressures could arise in the system. For example, there has been a lot of talk in the United States about the potential for raising revenues from imports of crude oil. Some estimates place the dollar yield at something like \$100 billion over five years, assuming \$5 per barrel is placed on the price of oil.

There may be pressure in Canada for a similar kind of situation if the price drops to that low range and if import duties and taxes of various kinds arose in other countries, in particular south of the border. There is still pressure on the financial system. We have witnessed some of the wrenching adjustments that have had to be made in the western provinces as a result of the severe erosion in petroleum prices over the past couple of years.

Viewing the next slide, let us consider what might happen if the price of oil were to drop by US\$5 per barrel. Let us consider the impact such a decline might have on the Ontario economy. This slide shows the orders of magnitude for the impact on this province over a full year. The assumption is there is a US\$5 cut that translates roughly into a \$7 cut in the crude oil price in Canada.

9:50 p.m.

If you assume the cut in the price of crude oil were to flow through to the end users of petroleum products, then economic growth in

this province would be bolstered by as much as 0.9 per cent, or close to one per cent, over a one-year period. That would be a substantial boost to the provincial economy. The additional number of jobs created could be in the order of 23,000. The crude oil bill in this province could drop by \$1.2 billion. There would be significant savings for end users, for motorists, those who heat their homes with oil products, truckers and asphalt buyers. A cut in the price of oil of that magnitude could provide a significant stimulus to the Ontario economy.

Mr. Chairman: Dr. Jutlah, for those of us who are lay people in this field, will you translate what \$5 per barrel means in price in cents per litre?

Dr. Jutlah: For a C\$1 cut in the price of crude oil, if you assume the cut would flow all the way through to the pump, the reduction in the price per litre would be about two thirds of a cent.

Mr. Chairman: Therefore, \$5 would—

Dr. Jutlah: It is C\$7.

Mr. Chairman: It is roughly three cents per litre. You may not be as quantitatively minded as I am, but that is how I would—

Dr. Jutlah: Bear in mind that we have US\$5 US, which translates into C\$7.

Mr. Moyse: It would be about four cents per litre.

Mr. Chairman: Four cents per litre.

Mr. Haggerty: Why would the same scenario not work here? You told us that if the price of oil comes down \$5 per barrel, there will be economic advantages for Ontario, particularly in job creation; you are looking at 23,000 jobs. The province can become more self-sufficient in energy if we improve our hydro facilities and keep costs down in that area, without consuming additional oil. Would there not be an advantage if Ontario is to become self-sufficient? If we were to tap more gas wells in the province and bring in the reserves in Lake Erie, would that not be an advantage to us, without looking at the world price of oil?

Dr. Jutlah: One has to make the assumption that the production of those indigenous forms would be economic in some sense. If that is the case, the production and use of indigenous resources would help to stimulate job creation and additional output in manufacturing activity, and a whole host of other things. To the extent one might be able to substitute indigenous production for oil or natural gas from outside the

province, then there is a net advantage to the province.

Mr. Haggerty: There is the bringing in of gas through a polar gas line. The province has about a \$16-million investment—it might be higher than that.

Mr. Chairman: I think it is getting rid of it.

Mr. Haggerty: We have heard over the years that it was going to bring benefits to Ontario. We have not seen the tapping of the Arctic islands yet in the area of natural gas.

Mr. Pierce: Is the 23,000 figure strictly for Ontario?

Dr. Jutlah: Yes. All these numbers relate to Ontario only.

Mr. Pierce: A \$5 increase per barrel, whether it comes at world market price or in the form of tax, eliminates substantial debt.

Dr. Jutlah: Not quite. The impact of a tax change is quite complicated. If it is the taxing jurisdiction that is going to respend those moneys in the province, then there is little change in overall activity. You are simply collecting funds that consumers and industries might have used anyway and you are ploughing them back into the economy.

Mr. Pierce: If by taking three cents off per litre of gasoline you create 23,000 jobs, then by turning around and adding three cents per litre, you obviously destroy 23,000 jobs.

Dr. Jutlah: Not quite.

Mr. Pierce: Would it not work in the same both ways?

Dr. Jutlah: You are looking at a commodity that is largely imported into the province from outside sources. A drop in the price means less spending power flows out of the province, and correspondingly a greater amount of spending power is available for release within the province.

That concludes my presentation on the price and demand supply outlook.

Mr. Gordon: With the price of crude oil falling significantly, would that not have quite an impact on Third World countries that produce nickel, where oil is a fundamental part of their cost?

Dr. Jutlah: It certainly would. It would also create opportunities and problems in the less-developed world for supplies, not only of crude oil but also of other commodities. For example, the crude oil producers and exporters would have to export a larger amount of crude oil to maintain their international balance of payments. Produc-

ers of nickel and other resources might find their input costs were lower. Hence, they would be in a position to compete more aggressively for markets in the industrial world that would be stimulated by the cut in the oil price.

Mr. McGuigan: You cannot win.

Dr. Jutlah: You get an overall expansion of industrialized economies. That generates new opportunities for trade among industrialized countries.

Mr. MacOdrum: Perhaps we should move on. There are some notes in the handout on the current refinery and petrochemical situation. In the interests of time, we will move over those and go directly to the progress report by Barry Bower on north-south gasoline price differentials.

I will also ask Jean Lam, who is our manager in the oil and gas section, to come forward and join the panel. She will proceed directly to the presentation on the current situation with respect to natural gas prices, looking particularly at United States gas prices. I suggest we compress the presentations and get the gas pricing as well as the north-south gasoline one done this evening.

Mr. Bower: The study is nearing completion and the final report should be available shortly. I would like to start by telling you what the study is about. We are examining historical data, including both those that were available prior to the study and those collected during the course of the work. We looked at current and anticipated developments, but we did not analyse them since their effects were not yet discernible.

Mr. Gordon: I have a question. Was this study done outside the ministry or within the ministry using ministry personnel?

Hon. Mr. Kerrio: We brought in extra personnel.

Mr. MacOdrum: The analysis was done by the staff of the Ministry of Energy. However, to collect the gasoline price data in northern Ontario, we used a large number of people, including students, employees of the Ministry of Northern Development and Mines in northern Ontario and employees of the Ministry of Energy in southern Ontario.

Mr. Gordon: This is an internal study.

Mr. MacOdrum: Yes, sir.

Mr. Pierce: How old is the data?

Mr. MacOdrum: Mr. Bower can discuss the actual date of the data.

Mr. Bower: We used all the data available going back as far as we have records, but the

concentrated data collection took place during the study initiated at the beginning of July by the statement of the Premier. All the data we had were used, going back as far as our records go. However, those data were not nearly concentrated or thorough enough for us to draw sufficient conclusions.

Mr. Chairman: Let us go back to the beginning of the accord.

Mr. Gordon: I am going to come to that.

Mr. MacOdrum: As Mr. Bower said, the concentrated data were collected over the period from July to October 1.

Mr. Bower: Beyond that; it was into November.

Mr. Haggerty: Was that in 1985?

Mr. MacOdrum: Yes; in 1985. We continue to get regular data on gasoline prices. We are monitoring gasoline prices all the time, but we had to cut it off in November to do the analysis and write the report.

10 p.m.

Mr. Bower: To make a comparison between north and south the study examined both, but it focused on the differences. It did not include remote communities.

Mr. Pierce: What is your definition of a remote community?

Mr. Bower: Basically, one not served by roads.

Mr. Chairman: Was that because of the mandate you were given?

Mr. Bower: That was the mandate I was given. It was felt that the energy problem in the remote communities was part of a larger problem which would be addressed independently by the Ministry of Northern Development and Mines.

The studies showed that price levels are lower throughout southern Ontario than they are in the north. The price-war activity is more frequent and more vigorous in the south, contributing to still greater differences.

Also, there are large differences between urban and rural markets, especially in the north. The difference in price between rural and urban markets in the north is greater than that between cities in the north and cities in the south. In other words, to give examples, the price in Sudbury is closer to the price in Toronto than it is to the price in Marathon.

The next slide shows average prices in northwestern, northeastern and southern Ontario. These are arithmetic averages of all the locations where we surveyed prices. There were

76 in northern Ontario and 28 in southern Ontario. They are weighted according to population, but we do not have data on individual consumption patterns within those communities.

You can see from the bottom line of the chart that there is much more variation in the price for southern Ontario. Northern Ontario prices are much more stable and consistently higher.

Mr. Pierce: Are you talking about leaded or unleaded gasoline?

Mr. Bower: That particular chart is for regular leaded gasoline.

Mr. Pierce: In this day and age, when the bulk of the cars on the road use unleaded, why are we looking at leaded gas prices?

Mr. Bower: It is about a 50-50 split between leaded and unleaded gasoline. It is slightly higher towards unleaded.

Mr. Haggerty: Unleaded gas is four cents more in southern Ontario.

Mr. Bower: Basically, we are trying to show differences between northern and southern Ontario. The price break between leaded and unleaded gasoline is consistent throughout the province. At the beginning of the study it had recently moved from about 2.5 cents per litre to three cents per litre, where it remains today.

If we were to plot unleaded gasoline, we would have exactly the same relationship, but the numbers on the left-hand scale would be shifted by three cents.

Mr. Chairman: Did you say that 50 per cent of the consumption is leaded and 50 per cent is unleaded?

Mr. Bower: In Ontario, it is slightly less than that.

Mr. Haggerty: In your chart, your dips and valleys in southern Ontario indicate the gas price war.

Mr. Bower: Yes.

Mr. Haggerty: That is more related to leaded gas than unleaded gas.

Mr. Bower: The price of unleaded gasoline has fallen in lockstep. I have never seen a situation where there has been a price war in leaded gasoline and not in unleaded.

Mr. Haggerty: I have not seen it in my area, the Fort Erie area. We can now go to the United States and buy gasoline cheaper. Even after paying the exchange rate on the Canadian dollar, it is cheaper.

Mr. Bower: I am sorry, sir, but I do not see what the price in the US has to do with the price

spread between leaded and unleaded gasoline in Ontario.

Mr. Pierce: You have to recognize that in Ontario the bulk of recreational users use leaded gasoline. That brings up the number of users as opposed to those who are driving automobiles. The outboard motor users and all the recreational vehicle users are using leaded gasoline.

Mr. MacOdrum: Mr. Bower is saying that the unleaded gasoline statistical patterns are similar to those of leaded gasoline as shown here. In other words, we could put unleaded gasoline on a graph and the relationship would be exactly the same. That is the question we have been asked to look at: not what the similarities are but what the differences are and what explains them.

Mr. D. W. Smith: Where is the line drawn between northwestern and northeastern Ontario? Where do you draw the line up north?

Mr. Pierce: Is this within the ministry?

Mr. D. W. Smith: No, I am curious myself.

Mr. Bower: I apologize; I cannot answer that with any—

Mr. D. W. Smith: When you say “northeastern,” that does not include eastern Ontario?

Mr. Bower: No.

Mr. D. W. Smith: It is strictly above North Bay?

Mr. Bower: Yes. Basically the difference between north and south is a line between North Bay and Sudbury. The exact point of division between northwestern and northeastern was provided for us by the Ministry of Northern Development and Mines. I am sorry, I cannot recall exactly where the line is.

Mr. D. W. Smith: Okay.

Mr. Allan: Elliot Lake.

Mr. Chairman: This may be an unfair question, but have you ever done any work with the ministry on the legitimacy of the difference in price between leaded and unleaded? I know it does not relate to north and south.

Mr. Bower: Yes, sir, I have.

Mr. Chairman: It is legitimate or not legitimate?

Mr. Bower: It depends on your definition of “legitimate.” It is governed by market forces and the demonstration of that is the recent change in taxation. The provincial road tax was equalized between leaded and unleaded gasoline. It makes absolutely no difference in the price differential at the pumps, because it is the market rather than costs that is determining those prices. Costs are

just one element in the market mix that determines prices, which is a similar conclusion to the one we reached in the north-south pricing, similar dynamics.

Hon. Mr. Kerrio: Do you have an idea of the difference of cost of production between leaded and unleaded? I think the relationship we are looking for is for market reasons more than production costs.

Mr. Bower: There is no real answer to that question. Both leaded and unleaded gasoline are produced in the same refinery using the same pieces of equipment. The costs then are allocated costs of the common facilities. The refiners use a variety of methods for determining how those costs should be allocated. The way most of them end up doing it is on the basis of market price and realization. That becomes a dog chasing its own tail. The higher the price differences—

Mr. Allan: Three cents a litre.

Mr. Chairman: That is a layman's opinion, Mr. Bower.

Mr. Bower: There are definite additional costs in producing unleaded gasoline as it requires more severe processing, but they cannot be identified in any sort of a breakdown.

Hon. Mr. Kerrio: Why do we not leave it at that?

Mr. Bower: Basically, this chart shows the revenue distribution from sales of a litre of gasoline in various communities within Ontario on two different dates. The two dates selected were at the depth of a price war, which is the top chart, and immediately following price restoration, which is the bottom chart. You will notice that all the costs at the bottom—the cost of crude, federal taxes, Ontario taxes and the dealer margin—are essentially the same for all locations. Obviously, transportation costs differ.

Mr. Haggerty: The biggest share is the taxes.

Mr. Gordon: The refiner's share, what does that break down into?

Mr. Bower: If I may, sir, we will leave that till the end. The costs below are the costs incurred in buying the crude oil, paying taxes and distributing the product to the motorist. Anything that is left over between that and the retail price then accrues to the refiner.

The point of these slides is to demonstrate what the refiner—that is, the supplier of gasoline—is realizing from the sale of gasoline in the different communities. It shows that in the price-war situation, the refiner is actually recovering somewhat more money in northern Ontario.

io. When prices are at their normal levels, the refiner realizes less money from his sales in northern Ontario than he does in the south. He does not recover the additional transportation costs incurred in transporting the gasoline to northern Ontario.

Mr. Gordon: Which chart illustrates that?

Mr. Haggerty: Figure 32.

Mr. Chairman: The bottom one.

Mr. Gordon: The bottom one, 32.

Mr. Haggerty: Yes, refinery markup.

10:10 p.m.

Mr. Bower: That is right. If you look at the top boxes in the bottom chart, that is the share the refiner gets to cover his refining costs and any profit he may make. It is greater in southern Ontario than in the north, indicating he is not recovering the incremental distribution costs in the north.

Mr. Haggerty: How does he transport to the north, by trucks?

Mr. Bower: It depends. This is a very complicated system. There are marine terminals located in Sault Ste. Marie and Thunder Bay.

Mr. Haggerty: So they are taking it by vessel.

Mr. Bower: They take it by vessel and then it is distributed by truck or rail from there, either directly to service stations or to smaller bulk plants in more remote communities.

I have chosen two different examples in northern Ontario, Sudbury and Hearst. Sudbury is based on direct delivery from a Toronto terminal by truck.

Mr. Haggerty: That is about 250 miles.

Mr. Bower: In the case of Hearst, it involves rail transportation to a bulk plant and then local delivery by a truck.

Mr. Haggerty: Is that the Ontario Northland Railway?

Mr. Pierce: No, Canadian National.

Mr. Haggerty: I thought Ontario Northland went up as far as Hearst. Does the Northland not go that far?

Mr. Pierce: Is Hearst considered to have the most expensive gas in Ontario? Is that why it is being used? Why is it being used?

Mr. Bower: It was chosen more or less at random as being typical of that form of delivery.

Mr. Haggerty: It is covered by Ontario Northland, is it not?

Mr. Gordon: When you are talking about figure 3.2, if you look at figure 2.1—

Mr. Bower: Figure 3.1?

Mr. Gordon: When you look at figure 3.2, which is there—

Mr. Bower: Yes.

Mr. Gordon:—then you talk about figure 2.1; when you tell those of us from northern Ontario that the refiner is not making anything on transportation or is not returning his costs when it is at 51.9 cents or whatever it is in comparison to 51.5 cents, how often does that happen?

Mr. Bower: More often than not it is somewhere in between.

Mr. Gordon: Could we go by this chart?

Mr. Bower: Yes. If you took an average of chart 2.1 and drew a straight line through that, you would find that the realizations were lower in northern Ontario than in the south. Over time, they are not recovering the transportation costs.

Mr. Gordon: If you ran this chart, figure 2.1, and those other two charts in the Sudbury Star and made that statement, they would probably burn you alive. They would not buy it for a minute. They would look at it and they would say it is bullshit. I am not saying you are giving us bullshit but they would say it is bullshit, would they not, Mr. Chairman?

Mr. Chairman: You are probably right.

Mr. Pierce: There goes the accord.

Mr. Gordon: You will have a hard time convincing me of that.

Mr. Bower: You are telling me that the problem of north-south gasoline price differences is one of perception rather than fact.

Mr. Gordon: I do not know. Take a look. Who made these charts?

Mr. Bower: I did, based on—

Mr. Gordon: I did not make the charts.

Mr. Pierce: You have to visit the pumps to determine whether it is fiction or fact.

Mr. Haggerty: It would almost make one believe that Sudbury is in southern Ontario.

Mr. Gordon: Do not take this personally. I am not implying that you are saying anything. I am saying that these charts do not add up to that point.

Mr. Bower: Those two charts are based on exactly the same data.

Mr. Chairman: Mr. Bower, this may not be totally fair, but when I go to my beloved community in Chappleau and I pay another 10 cents on top of what is on here—which is not at all unusual, I pay 64 cents instead of 54 cents—is that

10 cents per litre spread among the various components that go to make up that 64?

What would happen if you were to change the bottom chart there? If that figure showed 64.6 instead of 54.6, would the refiner's share be increased? The transportation would stay the same as it would whether the price was 54 cents or 64. Other things would stay the same. Perhaps the dealer's margin would change. Somebody's margin would change. Is that where most of it would go?

Mr. Bower: Any change in the price under today's market conditions has a direct effect on the refiner's realization. Dealers throughout the province are earning very close to three cents a litre, regardless of the price. This is changing with the wrap pricing that Imperial Oil Ltd. is introducing.

If you take a price of 64 cents in Chappleau—that is a little higher than our surveys indicated—

Mr. Chairman: It would be 62 cents.

Mr. Bower: Bear in mind that these figures are based on leaded gasoline. You may be talking about unleaded or premium at 64 cents.

Mr. Chairman: Yes, 62 cents would probably be closer to the truth.

Mr. Bower: Usually, it was very close to 60 cents throughout the summer when we were taking our surveys.

Mr. Chairman: Anyway, it is the same principle.

Mr. Bower: You are looking at a difference of maybe 8.5 cents between Toronto and Chappleau. In that case, it is probably very close to the difference in transportation costs.

There are five or six stations in Chappleau which means that they are all very small. They have very small tanks. They have to be delivered in partial loads from small trucks. It is a very expensive proposition.

Mr. G. I. Miller: What is the tax on the bottom portion, the raw material crude oil?

Mr. Bower: There are Alberta royalties.

Mr. G. I. Miller: Have you got a percentage?

Mr. Bower: I would have to defer to Mr. Moyse on that.

Mr. Moyse: The total average is about 28 per cent.

Mr. G. I. Miller: That includes royalties?

Mr. Bower: Then there is the petroleum and gas revenue tax which is federal. How much does PGRT average?

Mr. Moyse: The average PGRT would be currently about six per cent.

Mr. Bower: That price also includes the cost of transportation of the crude to the signing refinery and the amount of crude consumed in the refinery during the refining process.

Mr. Guindon: Did you do this survey with branded service stations, independent service stations or company-operated service stations? Did you find a difference?

Mr. Bower: We had price surveys of 76 communities and we were provided with average prices by the Ministry of Northern Affairs and Mines. That would have been a mixture. We chose about eight communities in northern Ontario and examined them in great detail. In those cases, we examined every service station within the community—branded, unbranded, full service and self-serve.

Mr. Guindon: Did you do the same in the south?

Mr. Bower: Yes but with fewer communities. We concentrated our resources on the north.

Mr. Chairman: Are there any other questions? Mr. Bower, did you want to continue?

Mr. Bower: I did not get into the market factors. We have one more slide.

There are many factors that affect the degree of competition in the marketplace. Size is the most important. In southern Ontario, most rural areas are sufficiently close to cities that they affect one another's prices and the market shows less variation geographically. By contrast, northern communities are more isolated and their markets are independent. This serves to further increase the distinction between north and south. The south behaves as one market and, therefore, is much more price-sensitive than the north's individual markets.

Large markets attract more competitors, particularly aggressive independents. Stations are closer together, allowing motorists to compare prices. Many service station operators rely on gasoline sales to attract customers to other facilities on the premises such as service bays, car washes, restaurants or even convenience stores. Such dealers are generally aggressive on price.

With the low volumes typical of stations in the north, gasoline sales are insufficient by themselves to attract enough customers to cover the cost of operation. The dealer must devote more of his resources to developing and maintaining his other lines of business, which may be unrelated to gasoline. Gasoline may represent only a small fraction of his total business, usually the one with the lowest profit margin, typically

around five per cent. Such dealers are less aggressive on price.

There is more market segmentation in the north, with some customers buying the cheapest gasoline while others are willing to pay more because they purchase a range of goods or services from the local dealer. This occurs less frequently in the south where customers buy mainly on price. These are, very briefly, the major market differences between northern and southern Ontario.

10:20 p.m.

Mr. Gordon: I would like to ask the minister if he is prepared to make a recommendation to the Treasurer (Mr. Nixon) that the tax on gasoline in the north be reduced to help make up for the difference that northerners are forced to pay.

Hon. Mr. Kerrio: Would I what?

Mr. Gordon: Are you prepared, given the information that has been brought forth this evening, which is fairly detailed, comprehensive and quite understandable, and when you look at the chart—I would direct you to look at the chart—

Hon. Mr. Kerrio: I do not have to.

Mr. Gordon: I just do not want you to get the wrong idea.

Hon. Mr. Kerrio: I know exactly what you want. No, I do not have the wrong idea.

Mr. Gordon: Given what has been said here, would you not agree that you should go to the Treasurer and ask him to reduce the tax that is being extricated from northerners on gasoline and fuel oil products, so northerners are not ending up paying more than southerners for running their automobiles and other activities.

Hon. Mr. Kerrio: No.

Mr. Gordon: Why not?

Hon. Mr. Kerrio: Because I will look at all the options.

Mr. Gordon: You will look at all the options.

Hon. Mr. Kerrio: Yes, because an option might exist where we would look at people to transport it across the province and deliver it at the same rate. That is another option that has nothing to do with the tax.

Mr. Gordon: Okay. So you are willing to look at—

Hon. Mr. Kerrio: Everything that comes forward at this committee is going to be well thought out and presented to the Treasurer. That option is a good one. I will mark it down right now.

Mr. Gordon: Okay.

Hon. Mr. Kerrio: Thank you. It is a good option.

Mr. Haggerty: The matter of propane gas has not been discussed in this study. I was wondering if any study has been done in this particular area on propane gas. Normally there are certain tax concessions given to anybody who operates a vehicle in Ontario that burns propane or natural gas.

You have a pipeline that comes through many communities in northern Ontario. I understand there is a spinoff from the transmission there and that you may be able to pick off surplus natural gas and then convert it into propane. Has that ever been considered to provide an additional—

Mr. MacOdrum: Mr. Haggerty; first, natural gas, that comes through the pipeline in northern Ontario in the form of methane, is sold in northern Ontario on a wholesale basis and that is reflected in the retail rate at a cheaper price than it is sold in southern Ontario because of the zoning of the TransCanada PipeLines Ltd. system.

Mr. Haggerty: Oh, that would not happen would it?

Mr. MacOdrum: Methane cannot be transferred into propane. Propane is a different gas chemically, and its economics, transportation and distribution are completely different from those of the methane in the natural gas pipelines that run through northern Ontario.

Most of the propane we use in Ontario comes through the Interprovincial Pipe Line system, the oil pipeline, which is south of the Great Lakes. Also, some of it comes from the refineries in Sarnia, and it comes in jumbo tank cars as well as through the pipeline system. Mr. Bower, perhaps can make some comment, as he is responsible—

Mr. Haggerty: I understand there is a byproduct in the natural gas through the transmission lines that can be converted into propane.

Mr. MacOdrum: Most of that is taken out in western Canada. It is in the gas that is discovered, the so-called wet gas which is found in the field. The propane is removed at the plant, where the gas is produced. Large quantities are also removed from the gas stream as it leaves the province of Alberta. There really is no economic value in making a deeper cut to get any residual propane that might be in the natural gas stream that is moving.

Basically, the gas in the TransCanada PipeLines is the quality of gas that you burn in your home. The only thing added or subtracted is mercaptans of sulphur, which gives it the smell

for safety purposes. Aside from that, it is the gas that you use in the home, and it is really not practical to take any more residual traces of propane that may be in that stream out of it. It just would not be economical.

There are large quantities of propane, though, that are taken out in the field and that is the propane we use in Ontario. The economics of it in Ontario are a whole different subject because it is subject to somewhat different forces than gasoline, which we have been talking about, and natural gas, which is largely methane and is used in the home.

Mr. Pierce: Regarding propane—and I can appreciate this is not part of the study—there are a number of people who are using it as an alternate fuel for automobiles and in the trucking industry. It is not necessarily so much for personal use because the exemptions for commercial use are not there for personal use in the conversion.

There is a fear that someday, once a lot of people get converted over to propane gas for automotive use, there will be a road tax put on the gas which does not exist today. Could someone give me an idea of what is happening in that respect? Are you, as the Minister of Energy, prepared to give the users out there who are putting money into that particular conversion a guarantee that there will not be a road tax for a number of years to come—I mean, as long as you are in the government? That is going to be two years.

Mr. Haggerty: It costs the province about \$20 million a year in revenue.

Mr. Pierce: There is no question about that, but—

Mr. Haggerty: You have to build the roads up too, you know.

Mr. Pierce: At the same time, the user is investing additional funds in the actual conversion to begin with.

Mr. Haggerty: Yes, but they were subsidized for a number of years too.

Mr. Pierce: What did you say, Mr. Minister?

Hon. Mr. Kerrio: I was checking to see if that is in the accord.

Mr. Pierce: First, I would like to know what automobile the chairman is driving and if it is convertible.

Mr. Chairman: I do not know what is in the accord but it could be.

Mr. Pierce: I know there is some concern out there by propane users, particularly fleet users who have used it as an alternate fuel to gasoline. I

stand to be corrected but propane is a garbage fuel. Its value at the well is minimal as opposed to natural gas. For that reason, it should be relatively available for some time to come at a fairly cheap price.

Mr. Chairman: Mr. Bower wants into the debate here.

Mr. Bower: I take issue with a couple of things you have said. First, these same exemptions are available for private use automobiles. However, the economics are weaker because private use automobiles tend not to be driven so far and therefore, do not get the same dollar benefits. Propane is far from a garbage fuel and sells for a higher price than natural gas. It has a variety of uses. It is used extensively for crop drying. It is used as a petrochemical feed stock. It is used for reinjection in oil wells to enhance recovery and is a premium product.

Mr. Pierce: All right. However, there is nothing to indicate that the price of propane should go up as fast as the price of crude oil, for example.

Mr. Bower: They would be very closely related—

Mr. Haggerty: They increased that. They did not miss the boat on that one.

Mr. Pierce: Again, by consumer demand.

Mr. Haggerty: There is an additional tax on that one too.

Mr. Chairman: Perhaps the committee agrees that this would be a good time to break. On behalf of the committee, could I thank the people who came before us. I am sorry we did not get to Ms. Lam. I am sure she had something to contribute as well.

Could I remind the committee that next week—
Interjections.

Mr. Chairman: Order please. Ontario Hydro will be before the committee on Wednesday, January 15. On January 16, the Ontario Energy Board and the Ontario Energy Corporation will appear. Is that agreeable to the committee? You will know who is going to be here and can schedule your time.

Then on Tuesday night, when we next meet at 8 p.m., we will continue with the exchanges between the members and the minister. We will adjourn until 8 p.m. next Tuesday.

The committee adjourned at 10:29 p.m.

CONTENTS

Thursday, January 9, 1986

Opening statement: Mr. Charlton	R-677
Adjournment	R-700

SPEAKERS IN THIS ISSUE

Charlton, B. A. (Hamilton Mountain NDP)
 Gordon, J. K. (Sudbury PC)
 Guindon, L. B. (Cornwall PC)
 Haggerty, R. (Erie L)
 Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mancini, R. (Essex South L)
 McGuigan, J. F. (Kent-Elgin L)
 Miller, G. I. (Haldimand-Norfolk L)
 Pierce, F. J. (Rainy River PC)
 Smith, D. W. (Lambton L)
 South, L. (Frontenac-Addington L)

From the Ministry of Energy:

Bower, B., Senior Adviser, Petroleum Products and Petrochemicals, Oil and Gas Section,
 Policy and Planning Division
 Jutlah, Dr. C., Manager, Finance, Rates and Utilization Section, Policy and Planning Division
 MacOdrum, B., Assistant Deputy Minister, Policy and Planning Division
 Moyse, R., Senior Adviser, Crude Oil, Oil and Gas Section, Policy and
 Planning Division



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy

First Session, 33rd Parliament

Tuesday, January 14, 1986

Speaker: Honourable H. A. Edighoffer

Clerk of the House: R. G. Lewis, QC

CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, January 14, 1986

The committee met at 8:04 p.m. in room 228.

ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 2201, ministry administration program; item 1, main office:

The Vice-Chairman: I see a quorum. It is wonderful to be back and temporarily chairing the committee. We are on vote 2201, I believe.

Hon. Mr. Kerrio: Actually, we had just opened the book. Would you not describe it that way?

Mr. Charlton: Yes. My recollection is that we opened the book, and at the end of last session we were still discussing your data on gas prices.

Hon. Mr. Kerrio: We are in the committee's hands. It depends on where you want to go and how much time you want to take on each of these. One of the presentations you might like to talk about is the conservation one, but I am in your hands.

Mr. D. W. Smith: I have two or three short questions. We speak about cogeneration. What size of operation would you allow to have cogeneration? Are you talking about large industries? If they have excess power, will you allow them to feed it back into the system? Will they be of much smaller size? I want to know your thoughts on that.

Hon. Mr. Kerrio: We are not sizing them; it is more the efficiency of the cogeneration. Dr. Higgin is in that field, and I am sure he would be pleased to share some comments in that regard.

Dr. Higgin: As far as policy is concerned, there is no limit with parallel generation. However, there are practical limits because the investment required to interface with the grid is significant. If you are very small, it is not worth while and would be better to use the energy for your own purposes.

As for conventional cogeneration, which means burning fossil fuels to produce steam or process heat and electricity, there are no limits and there are various technologies. You can use steam turbines. You can use gas turbines, as Dow does.

In a practical sense, there are real limits. The economies tend to kick in as you get to the scale of 10 megawatts and up, depending on the type of

fuel you are using. If you are using a waste type of fuel that you would otherwise have to pay to get rid of, the economies could kick in at a lower level.

It is a case of practical economics as to when it becomes viable. The viability also depends on whether you can use the steam or other process energy as well as on how much of the electricity you can use and what you can get from it if you sell it to Ontario Hydro. There are no policy limits, but there are practical economic limits.

Mr. Charlton: To put this issue in an appropriate perspective, no limitations are placed by the ministry on the size of cogeneration facilities. You are saying the only limitations are in the context of economics and an individual's or company's willingness to invest in the technology that would be required.

Dr. Higgin: That is correct.

Mr. Gordon: What specific policies is the minister going to initiate to increase cogeneration in this province?

Hon. Mr. Kerrio: What we are looking at in the policy field is related to current demand. As Mr. Charlton pointed out the other day, it is what the demands are and what we have to do to meet them. The program is already ongoing. We have started on some of the requests for cogeneration.

We have another very interesting field that is close to the same concern, and that is to get maximum power. Some large plants that are generating electricity at a given power source now were initially sized to meet just their own demands. In a sense, we hope their parallel generation will maximize those sites. It is ongoing. We are looking at doing something meaningful because it is a good way to go. It is the route that is the very next thing to conservation.

8:10 p.m.

Mr. Gordon: What specific policies are you planning to initiate? You have said you are looking at a demand curve and so forth. Surely as minister you have some ideas and are getting ideas from your policy people that you would be prepared to initiate with regard to cogeneration. What are those policies? Which direction are you going to go?

Hon. Mr. Kerrio: Initiating the policies is not all that easy. Remember, we are faced with an act that has been in place for a long time, when most of that initiating was done by Ontario Hydro.

We are now looking at the kind of co-operation Hydro has given us up to this point, where we can enter into those kinds of agreements. We would be looking at a little more co-operation from Ontario Hydro, and that has to come through a memorandum of understanding or a willingness by Ontario Hydro to do that. Remember, it has the mandate. We are encouraging it to come forward with some planning while we are doing some in our own ministry.

In the overall area, you can look at the conservation paper we have put forward. Maybe you can describe that, Dr. Higgin.

Mr. Gordon: Again to the minister—we are talking about policy; I believe that is the minister's field—when we talk about a little more co-operation as being the policy, which I think is what you are indicating—

Hon. Mr. Kerrio: No. That is not what I said at all. I said that under the Power Corporation Act, we cannot specifically set policy. We are going to need to do some things with Hydro that would allow it to be put into place. Hydro has a clear mandate under the act.

Mr. Gordon: But as the minister, you have the—

Hon. Mr. Kerrio: Oh yes, agreed—

Mr. Gordon: The thrust is going to come from you, and a little more co-operation is not a policy.

Hon. Mr. Kerrio: We are initiating hydraulic development at two of the major rivers and the maximizing of power at Niagara Falls. Those things are happening. We are not just talking about them. That is policy.

Mr. Gordon: But do you have any fire in your gut for cogeneration, or are we just talking about a little bit of co-operation?

Hon. Mr. Kerrio: I do not know that I would describe it that way.

Mr. Gordon: I was talking to the gentleman behind me, whom I have heard talk with passion and feeling about cogeneration on the energy committee. I want to know whether we can look to this Minister of Energy for any real change in the policies with regard to cogeneration or whether we are just going to be looking at a little bit of co-operation.

Hon. Mr. Kerrio: It is happening. As I have said to you, it is happening. It is in our policy and it is being done.

Mr. Chairman: That was a supplementary question, was it? That is what I was led to believe before I came in.

Mr. Gordon: Who is riding shotgun here?

Mr. Chairman: Mr. Smith and then Mr. Charlton.

Mr. D. W. Smith: I was not interfering because I was going to change my question, and they were proceeding on cogeneration.

One of the other questions I wanted to ask was that since the Minister of the Environment (Mr. Bradley) is getting quite tough on acid emissions—I say this because of the Lambton generating station, which supplies a lot of employment to people down there—is the minister considering putting in a fluidized bed to help alleviate the emissions from the coal-fired plant down there?

Hon. Mr. Kerrio: We have a number of alternatives. We were looking at Lakeview thermal generating station just last Friday as it relates to limestone injection. Limestone injection is further advanced than the fluidized bed, which is still in the stages of major research by many jurisdictions. The other alternative is wet scrubbers.

What I am looking at as minister is that the time frame that has been given to meet these new emission standards is such that we have some latitude. Personally, I would rather see 10 megawatts of hydraulic power come on stream than scrub 10 megawatts of thermal.

When I made the first commitment to the Minister of the Environment, and I agreed wholeheartedly with his commitment, I was looking for some time to look at the alternatives. It looks as if we do have some time. I hope fluidized-bed combustion will be one of the alternatives.

Regarding the fluidized bed, Lakeview has a vertical-type boiler; so the injection of limestone works fine in that boiler. Dr. Higgin has pointed out to me that some alternatives would require such a major renovation that it would be practically like starting from scratch. We may be locked into different modes in different places.

I hope we can move forward in our research in Hydro with the injection of limestone. It is way ahead in that field. I cannot think of anywhere else it has been put in place on a full-sized boiler.

We hope we can put them in an order of priority and, because of certain problems, the one farthest down the line is wet scrubbers, where we take away the sludge for ever. We must have a landfill site to put it in and many other things; and remember, we continue to burn imported coal.

We hope the cogeneration of the fluidized bed or limestone injections is going to answer some of those questions.

Mr. D. W. Smith: If it is so costly to upgrade these plants, would you ever consider shutting them down and, shall we say, starting up Darlington? Is that in the back of anyone's mind?

Hon. Mr. Kerrio: Starting up what?

Mr. D. W. Smith: I am just trying to find out whether upgrading these plants is going to be so costly that you would consider closing them down if you have a big Darlington plant sitting here waiting to start up.

Hon. Mr. Kerrio: The difficulty of efficiency is that many of those total plants can be used only for peaking. Many of them will be needed for those peaking times. We are looking at nuclear and hydraulic to provide base loads.

In the time frame we are discussing, one of the very important things we are going to be talking about is conservation, because, as has been pointed out, every megawatt we conserve is a megawatt we do not have to build.

Dr. Higgin, is there anyone here who would like to elaborate a little more on that area?

Dr. Higgin: We have Paul Shervill from the electricity section of the Ministry of Energy.

Mr. Shervill: I would like to reiterate what the minister has said. Fluidized-bed combustion is probably a good 10 to 15 years away from commercial application. There are several test facilities in Canada and the United States. The federal government runs one in New Brunswick, but it is a very small-scale test facility.

The limestone injection unit Ontario Hydro has installed at Lakeview is the only commercial-scale unit being tested at this time. As you know, that is a 250-megawatt unit.

There are other technologies being tested right now. Spray drying is another. Wet scrubber is the only proven commercial-scale technology to date, but it has not been used in any of the more northern climes such as Canada.

Mr. D. W. Smith: I am going to change to another question now, unless somebody has a supplementary.

Mr. Chairman: Mr. Charlton, is yours a supplementary?

Mr. Charlton: It is a supplementary to the first question, but we will go back to it later when he is finished.

Mr. Chairman: Do you have a supplementary, Mr. Gordon?

Mr. Gordon: Yes, I think this is supplementary, given the rules we go by in this place.

Can you explain a little more about the kind of scrubbers that use the limestone principle? How much are they going to take out, in actual fact?

Mr. Shervill: The system Ontario Hydro has installed at Lakeview is called a limestone injection process. All it does is test a variety of applications. It takes crushed limestone of various particle sizes and injects it right into the boiler, either above or below the burners or in combination with the fuel in many different applications. They are testing several applications to see what works best.

They have not completed their testing, but they have completed the first phase. They had expected up to about 50 per cent removal on sulphur dioxide and 20 to 30 per cent removal on nitric oxides. As far as the first phase is concerned, they have been able to achieve between 25 per cent and 40 per cent removal on sulphur dioxides, and a second phase of testing is coming up this fall.

8:20 p.m.

While limestone injection is a technique that does not remove the same percentage of sulphur dioxides as wet scrubbers, it is more suited to the type of application that Ontario Hydro has, where it has peaking plants that may be operating at only a 10 per cent capacity factor. You would not want to spend four times the capital cost for a wet scrubber if you were going to be operating the plant only 10 per cent or 15 per cent of the time. It is more effective to spend a quarter of that capital cost for a facility and remove perhaps 50 per cent of the sulphur dioxide.

Mr. Gordon: Which would you choose if you had your druthers when it comes to pollution, sulphur dioxide and nitric oxide or the waste that comes from a nuclear plant?

Mr. Shervill: I would have to think about that.

Mr. Gordon: What is your background again? Are you an engineer?

Mr. Shervill: No, I am not an engineer, I am an environmental planner by training.

Mr. Gordon: Then you must have an opinion.

Mr. Shervill: There are many different considerations to take into account when you are addressing that kind of complex question and trying to compare nuclear waste with acid gas emissions. Without some kind of specific application in which to discuss that, I am afraid any answer I could give you would not be very helpful.

Mr. Gordon: I will give you an application. Which should we have, dead lakes or some nuclear waste that is stored in drums and special containers in warehousing?

Hon. Mr. Kerrio: Hydraulic.

Mr. Shervill: Thank you. Preferably, whatever system we had should be a very safe system.

Mr. Gordon: That is a very good political answer. Which riding are you going to run in next time?

Mr. Chairman: Leave him alone. We have him locked up.

Mr. Gordon: That is all. I have a question for the minister.

Hon. Mr. Kerrio: Fire away.

Mr. Gordon: You mentioned hydraulic. Do you really see that as a feasible alternative? Are you looking at the rivers in the north along those lines?

Hon. Mr. Kerrio: Yes. If I were to have my priority put in place, it would be to develop all the hydraulic potential that exists. There are some fair-sized sites; there are many small hydraulic sites that could be developed. It is a high priority with us to develop all the potential.

Mr. Gordon: So your policy would be to run more transmission lines from small hydraulic developments throughout northern Ontario, and from large developments as well. Are you aware of the implications of what you are saying?

Hon. Mr. Kerrio: Absolutely. I would not say it if I were not.

Mr. Gordon: Are you prepared to explain that policy to northerners?

Hon. Mr. Kerrio: Certainly. Northerners will be more pleased about it than anyone if it will prevent acid precipitation on the forests of northern Ontario. You cannot have it both ways. You cannot have electricity and not get it there. We are locked in at Bruce now and it is a terrible situation.

We are going to have to have power lines. That is one of the facts of life. The ones that would be developed would be those that are as close as possible to existing lines. They would have high priority. I am sure you would agree, though, that we should develop every bit of hydraulic potential as a first priority.

Mr. Gordon: You had better talk to people in the north about these hydraulic lines.

Hon. Mr. Kerrio: I plan to go up there to do a great deal more work with northerners. Sure, they will be taken into account. Is that not what we do when we have those hearings for hydro

lines? Is not everyone in Ontario taken into account who wants to appear?

Mr. Gordon: The minister should sit down with his chairman, who is sitting next to him, and perhaps he could explain the implications of running all these transmission lines through the north.

Hon. Mr. Kerrio: How would you deliver electricity, in a tank truck?

Mr. Gordon: You are the one who is saying your alternative is going to be hydraulic. The people of Ontario would be very interested in your view.

Hon. Mr. Kerrio: I got a card from the children at Collins elementary school that said, "Thank you, Mr. Minister, for delivering us electricity." We brought in electricity in many places.

Mr. Chairman: The chairman is staying out of the debate, with great reluctance.

Mr. Charlton: While we are on this topic of hydraulic, which the member for Sudbury (Mr. Gordon) has raised, I am happy to hear that the minister is going to pursue the hydraulic option probably more vigorously than it has been pursued for some time. On the other hand, the member for Sudbury raises a couple of interesting points.

First, it should be said that although there is a vast potential for hydraulic in the north, there is still hydraulic potential in southern Ontario. I would hope that you, as a minister and in your relationship with Hydro, would pursue hydraulic development in a careful, logical manner, as opposed to developing hydraulic for the sake of developing.

Hydraulic is the most beneficial addition to our system in terms of generation facilities. On the other hand, the member makes a good point about the environmental sensitivity of large areas in northern Ontario. It is fair to say that both hydraulic generation facilities and transmission corridors are all subject to environmental assessment and that you are going to have to take that process into account when you are proposing development.

Hon. Mr. Kerrio: I have no quarrel with that. We have to face that reality.

To respond to Mr. Gordon's query, there would be some limiting factors governing the installation of hydraulic, relating to getting it into the grid. You could not put a small hydraulic development somewhere where the necessity of long transmission lines would immediately negate the advantage of installing it.

With regard to southern Ontario, we are looking at some important ways of maximizing. At Niagara Falls, we are talking about a third tunnel and taking water from above the falls down to Sir Adam Beck I and Sir Adam Beck II through a tunnel, which would increase the head by some 40 or 50 feet. Without using more of the water shared with our American friends, we would maximize the potential that exists at Niagara. These are viable ways to develop the potential there.

Mr. Haggerty: How many megawatts are we looking at from that project? Is it 450 or 500?

Hon. Mr. Kerrio: I would think in the 400 range.

Mr. Charlton: You are well aware that there has been a huge discrepancy between some past Ontario Hydro studies of hydraulic potential and its current estimates of reasonable new hydraulic potential and between a number of studies that have been done by groups outside of government.

Probably the most useful thing your ministry could do up front in the hydraulic area would be to sort that out and to come out with a package of realistic estimates of the hydraulic potential in this province. It would be useful if that package identified the least proximate locations of that potential, so that not only the ministry but also committees such as the select committee on energy could reasonably consider the existing possibilities.

8:30 p.m.

Hon. Mr. Kerrio: Dr. Higgin has just brought this forward. It has to do precisely with what you are talking about with respect to the speculation that exists out there. There are those who feel there are many places that are not even listed and that southern involvement might bring considerably more development into place in southern areas. There is the one I described to you, with another being the Little Jackfish River flowing into Lake Nipigon. It would be a valuable exercise to do a real inventory of the potential.

Mr. Chairman: If the committee does mind me giving an example, in my constituency of Nickel Belt in the town of Sultan, which I am sure Mr. Gordon is aware of, there is a beautiful little mini-hydel. It is a station that delivers hydro to about 400 people. They used to operate with a diesel, a Delco unit. It is a very small flow of water. I think they call it a "small head." I understand it was outrageously expensive because it was a pilot project by Ontario Hydro, but it is a beautiful service to a small community.

Hon. Mr. Kerrio: In some instances, small hydraulic installations would save stringing wires.

Dr. Higgin: Perhaps I can add that the ministry has been involved in the development of some of the new small hydro technology such as the mini-hydel that was first demonstrated near Orillia. As you say, the first field installation was in Sultan, and being such, it had some problems. We also worked with the other major small hydro company, Galt Energy Systems Ltd. We have put in a number. Those manufacturers now have very good, efficient, modern technology.

On the question of inventory, there is a kind of tacit agreement that Ontario Hydro looks after the bigger potential sites, but the ministry reviews those data and forms its own opinions. In the case of small hydro sites, we and the Ministry of Natural Resources have been very concerned about updating the book on water power and trying to update the inventory.

Mr. Chairman: If the two ministers could get along, it would be all right.

Dr. Higgin: The two ministers do get along quite well now.

We have obviously encountered a lot of difficulties. One route we are pursuing is to identify up to 100 high-potential sites that could be ready for development in the short term. Rather than trying to publish data on all of the many sites, we hope soon to come out with information on the high-potential sites that the private sector can handle. Meanwhile, the private sector is not sitting idle; it is out prospecting at many of these sites. Quite a lot is happening in this area.

Mr. Charlton: To follow up, we got into discussions in the select committee about a number of things that we have not mentioned here. I hope they are part of the things the ministry is looking at.

There are a number of different approaches to hydraulic development being taken around the world, and I hope the ministry is following them as closely as possible. At this point there is no definitive answer as to how applicable they will be to Ontario, but there is at least the potential to create a lot of new hydraulic ability in this province with some of those new technologies.

In addition, the minister mentioned in earlier comments that the ministry was looking to hydraulic and nuclear power to provide the base load and to coal for the peaking power. My understanding from discussions we had with Ontario Hydro is that there are a lot of hydraulic sites in this province that, because of the water

flow or the head, are not appropriate for consistent base-load production but, with some damming and reservoir techniques, could be perfectly appropriate for peak-load capacity.

Hon. Mr. Kerrio: That is why in some instances they relate to 9,000 megawatts, with 3,000 megawatts average output. They talk about 9,000 megawatts peaking. I think if it were used in a proper way, you might end up somewhere between those two with power that could be taken off quite consistently.

Mr. Haggerty: I have a question on the design of the mini-hydel plant, which is located somewhere around Orillia and which was manufactured by Barber Hydraulic Turbine in Port Colborne. It was on a trial program with the ministry. How successful has it turned out to be? I understand the turbine itself was a new design that would develop additional horsepower to turn a small generator.

Dr. Higgin: The initial demonstration at Wasdell Falls did have some teething difficulties and, of course, the cost was high, but overall, the technology worked out. It is often called a hydro plant in a can because the turbine and the generator are in a housing that either sits in the river or on the bank, depending on whether you feed it from a draft tube.

It is a new kind of design; the whole idea is that the basic design can be substantially assembled in the factory, then trucked in and hooked up. As was mentioned here by the chairman, we have one in Sultan. Many of the problems there related to the civil works and that kind of thing, as opposed to the small hydro plant itself.

We helped the company to export its first unit to Jamaica. We provided some assistance for the manufacturing costs, and the Canadian International Development Agency provided funding assistance under one of its programs, together with the Jamaican government. It took a long time for that kind of deal to get in place, but I am pleased to say the unit is now ready for shipping to Jamaica.

We are hopeful that Barber will have a successful export business. They are also doing work with conventional turbines. They have a lot of activity in the United States, largely as a result of PURPA, the Public Utilities Regulatory Policies Act.

I have a note here from one of my staff indicating that the turbine sales of Ontario companies—there are really only two major manufacturers here of small hydro units—have expanded about tenfold in the past five years, and 80 per cent of those sales were for export. They

are now projecting that their sales will rise by about another five times over the period to 1990, to 2,000 megawatts of sales per year. That is a tremendous increase over the 1980 figure, which was something like 100 megawatts, other than the refurbishment work. This is new plants; so they really have expanded.

Mr. Haggerty: Does Ontario Hydro receive some royalties on the exports?

Dr. Higgin: We do not believe so. Ontario Hydro assisted the Wasdell Falls and Sultan installations, but did not get any royalties, as far as we are aware. The technology is owned by Barber Hydraulic.

Mr. Haggerty: I thought one of the major difficulties they had up at the mini-hydel near Orillia—

Dr. Higgin: Was the dam.

Mr. Haggerty: Where is it, Midland? Anyway, the difficulty was with the gear oil that was in the gear reduction machinery.

Dr. Higgin: Yes, that was one of the problems.

Mr. Haggerty: The wrong type of oil was in there. That was causing difficulties. It had something to do with the cooler weather. They had to change the oil and it worked out very well.

Dr. Higgin: That is a problem they had. Galt Energy Systems had similar problems with a unit up at Frontier Lodge in northern Ontario. They found it was overheating and they had to change the turbine. That runner was running at a higher speed than anyone had installed before. It was a 12-inch runner, running at very high speed, and they had a problem. Again, they had to change the turbine oil to solve the problem.

Mr. Pierce: Do they keep the turbines running in the winter?

Dr. Higgin: That plant runs year-round. It replaces the diesel plant that Frontier Lodge had, and now they have converted everything in sight to electricity. The heating and everything has all been converted. He is even talking about getting an electric vehicle. He is trying to maximize the use of that plant.

8:40 p.m.

Mr. Haggerty: That technology does indicate you do not need much of a head for larger plants. You can use the smaller flow of water to produce the energy to supply electricity to 300 or 400 homes, which makes a small community self-supporting.

Perhaps municipal councils or unorganized communities can get involved with some small

hydro demonstration grants. I see you have some assistance there. I am sure you could apply it to communities up around Chapleau and in other areas of northwestern Ontario.

Dr. Higgin: We do have the northern hydro program, which is intended not for municipalities but for private sector companies such as Frontier Lodge, where we are currently using diesel fuel. Under that program we will assist them with their costs of installation.

Mr. Haggerty: Why would you not go to the unorganized communities and let them establish a small utility? Eventually, Ontario Hydro will get its arms out there anyway. It will walk in and take it over as it has in other areas. Would it not be wise to go in that direction now with unorganized communities to assist them in that area without going to the private sector? The intent of Ontario Hydro is to supply energy to everybody in the province.

Dr. Higgin: In terms of the unorganized communities, such as the railway communities, and I guess you could classify the Indian reservations as such, the new policy paper the minister talked about will ask Ontario Hydro to put in the most effective form of generation in those communities, provided they qualify with 25 homes. I do not think we have changed the limit on that.

As you pointed out, there is small hydro potential in several communities. In the past, the problem was that the federal government used to pay the capital costs and therefore it was looking for the lowest first cost of the installation. Ontario Hydro used to pay the operating cost, so it would have very much liked to have something with low operating costs. They could never get together. Now, under the new policy, the most effective long-term generation will be put in. That could be small hydro in several of those communities. There are other alternatives that could be looked at as well.

Mr. Haggerty: Do you know what you are doing? You are subsidizing the small hydro plants by local industry. If you are going to subsidize, you might as well let it go into a public system.

Hon. Mr. Kerrio: No. The system is a good deal broader. We are even looking in areas where there might be generation by conservation authorities, parks or small municipalities. It is quite a broad threshold and it will encourage a lot of different sectors to build them.

Mr. Pierce: Does the new Minister of Energy have or is he formulating a policy that would

subsidize to some degree the smaller communities that are required to generate their power by diesel-powered plants, so they pay the same rate for their electricity as somebody who is connected to the Hydro grid?

Hon. Mr. Kerrio: In many instances we are subsidizing them where Ontario Hydro is involved. That is for sure. We are looking at reducing the cost.

Mr. Pierce: In communities such as Armstrong?

Hon. Mr. Kerrio: I would think all remote communities.

Dr. Higgin: As you are aware, there are essentially two rates. For essential uses for home owners, there is a lifeline rate that is the same as the rural rate in southern Ontario. That applies up to 2,000 kilowatt-hours. That limit may be wrong.

Commercial establishments or people who use more than that are supposed to pay the going cost of the power. I guess your question pertains to that group, as to whether some sort of subsidy should be applied there in the name of local industrial development and employment. That is an issue that needs revisiting. Currently, though, there is not. They pay the full rate, once they get above that lifeline.

Mr. Pierce: The question then goes back to the minister. Is he in the process of putting together a policy that would provide power to those people at the normal rates of the average user? Is there some direction within the ministry?

Hon. Mr. Kerrio: We have not addressed the policy in that sense, in going full out in some of those remote communities. As Dr. Higgin pointed out, we have discouraged people from using electricity for uses other than the most essential uses. We have encouraged people in those remote areas to burn wood for heat and not to look to using electricity where they are paying \$5 or \$6—

Mr. Pierce: They have no choice but to burn wood for heat.

Hon. Mr. Kerrio: Yes, they do, if they are getting electricity at a rate comparable to that of our rural users here. However, if we are using diesel power to generate it, we certainly cannot allow the broadly based use that you would find in other jurisdictions. If we brought in hydraulic and other methods of directly generating the power at a reasonable rate, there would be no restrictions on the use to which those people would put it; so I would think there would still be some restrictive uses in some areas.

Mr. Pierce: Is there a schedule within the ministry for the development of the Little Jackfish?

Hon. Mr. Kerrio: It is in the preliminary stage right now in examining the potential, the costs and all those things. Yes, Little Jackfish is one of the ones we are looking at right now.

Mr. Pierce: Can you be more specific about the schedule?

Hon. Mr. Kerrio: I do not know that. Some of our people may have it in the works. Paul Shervill might give us a better idea.

Mr. Charlton: It might be an appropriate question when we have Ontario Hydro here.

Hon. Mr. Kerrio: Yes.

Mr. Charlton: They are the ones who are doing the planning.

Mr. Pierce: But Paul Shervill may have the answer; so let us take it when we can get it.

Mr. Shervill: I believe the only commitment to date is that Ontario Hydro will proceed to study the plant. It is doing a feasibility study and working towards preparing its environmental assessment documentation. Until such time as that documentation has been accepted, reviewed and approved, there is no definite in-service date. However, if you were to use a hypothetical schedule along that kind of timing, I believe it would be the early 1990s before it would be in service.

Mr. Pierce: While we have Mr. Shervill here, just to get back to the scrubbers to a lesser degree, I understood him to say that wet scrubbers are in the phase 1 stage of planning and that they had not been tested in the conditions of Canada. Can you tell me how far north in the United States they are using wet scrubbers?

Mr. Shervill: Certainly in the northeastern US there are scrubbers.

Mr. Pierce: "Northeastern" meaning what? How far north?

Mr. Shervill: I believe they are used in Ohio. Beyond that, I could not be certain.

Hon. Mr. Kerrio: You cannot build a new plant in the US without scrubbers if it is a coal-fired plant.

Mr. Pierce: That is right, but they use different types of scrubbers.

Hon. Mr. Kerrio: But they do not have to retrofit.

Mr. Shervill: They are using primarily wet scrubbers. They also use electrostatic precipita-

tors, but that is for dry particulate material rather than for sulphur dioxide.

Hon. Mr. Kerrio: Mind you, they have huge deposits of coal and they are intent on using those deposits, so they have made that commitment.

Mr. Pierce: High-sulphur coal.

Hon. Mr. Kerrio: All their coal. They cannot build a thermal plant in the US unless it has scrubbers; that is because they have such huge deposits in Ohio, Pennsylvania and those places.

Mr. Pierce: What is the relationship between the use of high-sulphur coal, low-lignite coal and scrubbers?

Mr. Shervill: It depends on the type of scrubber you choose. If you were a utility and were going to choose a wet scrubber, a high-efficiency removal scrubber that would remove up to 95 per cent of the sulphur, you would want to choose a cheaper coal with higher sulphur to take maximum advantage of the fact that you were going to remove 95 per cent of the sulphur.

If you were going to choose a limestone injection scrubber that did not remove a large percentage of the sulphur, you might be more inclined to pay a premium for your coal and buy a somewhat lower-sulphur coal or a medium-sulphur coal. The relationship is an economic one, primarily.

Mr. Pierce: How does that break down? That is the question I am asking. What is the relationship in dollars, one opposed to the other?

Mr. Shervill: On the capital side, a wet scrubber will cost about four times as much as a limestone injection unit. It is approximately \$200 million in capital for a wet scrubber and \$50 million for limestone injection for a typical 500-megawatt generating unit.

Mr. Pierce: To take that equation one step further, you could supply that generating station with low-lignite coal or low-sulphur coal for how many more years without the scrubbers?

Mr. Shervill: I am not sure I understand what you are asking.

Mr. Pierce: Compare the cost of the two scrubbers and using a high-sulphur coal with having no scrubbers, using a low-sulphur coal and getting away from the capital cost of building in the scrubbers.

Mr. Shervill: You mean operating costs only?

Mr. Pierce: That is right.

Mr. Shervill: It would be difficult to speculate without knowing some of the details.

8:50 p.m.

Mr. Pierce: What do you anticipate as the capital cost of what is covered?

Mr. Shervill: About \$200 million.

Hon. Mr. Kerrio: On what size unit?

Mr. Shervill: It is 500 megawatts. That would include about \$20 million—

Mr. Charlton: I cannot recall all the figures off the top of my head, but Hydro can provide the member with all those if he wants to restate those questions when its people are here.

Hon. Mr. Kerrio: Yes.

Mr. Chairman: Hydro is with us tomorrow morning.

Mr. Pierce: I guess again we can come back to Hydro with this one, but is there a schedule on the Albany River or any development?

Hon. Mr. Kerrio: What we are talking about in most of these is that, if they are in the stage of environmental impacts and studies, in this day and age we are looking at a long lead time. It is quite disappointing to think, with the crunch that is on us right now, we are looking at eight to 10 years from the start of studies to getting electricity from an hydraulic plant. It is very difficult, to get anything more specific with the studies that are required now and the things that have to be done before we can start doing anything in a meaningful way to bring those on stream.

Dr. Higgin: If I could just add that, as you will be aware, the drop per mile on those rivers is very much less than on many others. That requires flooding of large areas, so environmental impacts will be very high. Second, they are a long way away and the question of transmission comes in very dominantly. Those things have to be very carefully looked at and studied in detail before you would make decisions on those kind of sites. I believe these studies are going on now at Ontario Hydro. Again, if we call Mr. Shervill back, I am sure he could tell you where they are with the studies. Maybe that is a question you want to leave for Hydro.

Mr. Gordon: Just on a point of information: Could we have tabled in this committee the areas they are looking at in the north in particular, and in the south, for hydraulic generation? Also, could we get some idea of the amount of area you are planning on flooding if it gets through the environmental impact studies?

Hon. Mr. Kerrio: I would put everything we have in all the studies we are going to make.

Mr. Chairman: Are you asking for something specific?

Mr. Gordon: No, I am asking this be put before the committee so we can examine it.

Hon. Mr. Kerrio: The other select committee on energy would probably be interested as well.

Mr. Gordon: I am sure it would.

Hon. Mr. Kerrio: We shall provide the material.

Mr. Chairman: Mr. Pierce, did you have any further questions?

Dr. Higgin: We wanted to answer the previous one.

Mr. Pierce: If Mr. Shervill wants to answer it, he can. Or I can ask these questions when Hydro is here. It is immaterial to me. If there is somebody here who can answer them, then we move ahead. If not, we will do them tomorrow.

Mr. Shervill: The three studies of which I am aware that Hydro is working on include a study of redeveloping the Niagara Falls site, Adam Beck III, as well as on the Mattagami River at Spruce Falls, and the third one would be on the Little Jackfish River on Lake Nipigon.

Mr. Charlton: I would like to go back to your exchange with Mr. Haggerty a few minutes ago. Somewhere in there you mentioned the interest in small hydraulic that had been generated in the United States as a result of Public Utilities Regulatory Policies Act legislation. That goes back to the question Mr. Gordon raised earlier with the minister regarding policies to stimulate cogeneration as well.

Some of the members here are on the select committee, others are not. Perhaps you could take a moment, first, to explain PURPA legislation and give us some indication of current ministry thinking on PURPA and buy-back rates.

Hon. Mr. Kerrio: I think the buy-back rate is one that is not quite as simple to calculate, because there are two places you can bring the wheeling charges into the picture. You can set a rate that you would pay for every different size of plant involved and draw up contracts that would adjust according to the plant's size and potential to deliver, or you can look at the alternative of different buy-back rates for different efficiency plants.

It is quite involved and it is something we are addressing, and that we will bring forward and share with Ontario Hydro, as a way to encourage small development.

Mr. Charlton: Could you explain to the committee what has been done in PURPA legislation in the US that has stimulated this kind

of interest in both small hydraulic developments and in cogeneration?

Dr. Higgin: The PURPA legislation in the US basically has two requirements. One is that the utilities will accept power into their systems from private-sector power producers with a minimum of approvals under a streamlined process. The other is that they will pay a rate for that power that reflects their avoided cost. There have always been, and continue to be, problems in the definition of that avoided cost. It is obviously very specific to the utility. It can also be specific to the particular site where the generation is occurring and the interface of that to the grid.

Perhaps the most graphic examples of what has happened as a result of this legislation would be in California. Anybody who has been to California will no doubt have seen wind farms and solar systems and all kinds of things installed by private-sector companies. They are selling the power to Southern California Edison and—I cannot remember the name of the other power company. In the northeastern states, in Massachusetts and those states, it has resulted in small hydro development and other types of parallel generators operated by private people.

There have been questions about the loss of reliability that the utility suffers without central generation. It is the proportions that count. How much do you have in your central plant and how much do you have in the dispersed facilities? The counter-argument to that is the power-pool concept.

If you get enough of these people and if 10 per cent of them are on outage at any time, then you do not suffer too much, but there are concerns as these systems build up that you might have a loss of reliability in the utility. That is a quick capsule on this, which is quite an issue. We could devote a lot of time to it, but that is the essence of it.

Mr. Charlton: The debate around avoided cost and exactly what avoided cost is flows out of that. It is fair to say that avoided costs have nothing to do with current costs on your electrical system. They relate to costs that you avoid in terms of future construction, capital costs and operating costs of future facilities. It is also fair to say that, at least up until now, Ontario Hydro has never provided that kind of approach in terms of their buy-back rates.

9 p.m.

Dr. Higgin: There are two types of definition of avoided cost. One is marginal cost, which is the cost of the next increment of power you would bring on, and that is usually very high. The other is the avoided cost in averaging the

additions with what is already there to give the average power cost in the future.

This is where the debate rages in the US; it is between marginal cost and the average long-run cost in the future. The approach most utilities now are taking is to say: "In the year 2000, we will have this much as our average rate. We will bring it back to present values and that is the rate we will provide as our avoided cost." It is the average system cost in the future that is used.

In the case of Ontario Hydro, we are told its computations have been based on that kind of calculation, considering the present value, and then offering 85 per cent of that avoided cost as the buy-back rate. We are told that is the basis of the calculation.

Mr. Charlton: That averaging approach to avoided cost still discriminates against the independent producer.

Let us assume we are back in 1977 and have not yet started to build Darlington, but we have calculated that the cost of power from Darlington would be six and a half cents a kilowatt-hour. We are trying to decide whether to build Darlington or whether we can stimulate enough independent production by private developers of small hydraulic generation and/or cogeneration to eliminate the need for Darlington.

If Darlington is going to cost six and a half cents a kilowatt-hour, how can you possibly stimulate the replacement of that power by offering them six and a half cents that is averaged in with the rest of the system costs, which include Beek? I believe it operates at about three quarters of a cent per kilowatt-hour?

Interjection: It is something like that.

Mr. Charlton: How can you offer a buy-back rate such as that and not feel you are discriminating against the independent producers?

Dr. Higgin: There is a counterargument to that by utilities in the United States, and this is where the debate goes on. "If we offer marginal buy-back rates at marginal cost, we have to offer new customers marginal pricing on connecting them to the grid, so the next guy who comes along and wants that megawatt of power pays six and a half cents." That is the utilities' argument. "If we are going to price on average cost, then we buy on average cost." We have not had this discussion with Hydro, but that is the general argument.

Mr. Charlton: It is a bit of a ridiculous argument because that utility is going to take power from Darlington at six and a half cents and average it into the system before it sells it. We are

not comparing apples and apples here; we are comparing apples and oranges. That approach to buy-back rates is inevitably going to reduce the ability to create power at those buy-back rates.

Mr. Pierce: On another topic, can the minister give me some idea as to how committed he is to promoting additional research, or providing funds for research, into destroying or handling nuclear wastes?

Hon. Mr. Kerrio: That commitment is already made and it is a federal Hydro—

Mr. Pierce: Why not provincial?

Hon. Mr. Kerrio: The federal government—

Mr. Pierce: I am asking for your commitment as the Minister of Energy for Ontario.

Hon. Mr. Kerrio: I am pointing out what it is. There is major involvement—I think it is at Pinawa—in the research that is being done; it is still ongoing. I think the select committee visited Pinawa. There is someone who might be able to go into a little—

Mr. Pierce: The question to the minister is not whether research is going on. I know it is going on at Pinawa, at Chalk River and at Atikokan. Is the Minister of Energy for Ontario going to give a financial commitment, in addition to the federal commitment, to ensure that research will be ongoing?

Hon. Mr. Kerrio: I do not understand. The research is going on. What commitment do we have to make? It is being done.

Mr. Pierce: I am talking about an actual injection of funds into a research program.

Hon. Mr. Kerrio: The research is being done right now.

Mr. Pierce: To what degree, provincially?

Hon. Mr. Kerrio: As I have said, it is shared. Mr. Shervill, maybe you can give us a little more detail on that.

Mr. Haggerty: The question is to pick a suitable site.

Mr. Pierce: No. The question I am asking is whether there is a financial commitment to the actual research. I am sure you are aware that the federal government has cut back the atomic energy research program.

Hon. Mr. Kerrio: We are. I am just trying to find out to what degree.

Mr. Chairman: The man for all seasons is up next.

Mr. Shervill: Thank you, Mr. Chairman.

Mr. Pierce: You could almost take a chair up here at the head table. It would save all this jockeying back and forth.

Mr. Shervill: The province is making a financial contribution to making sure that nuclear waste in the form of spent fuel is adequately looked after by charging a portion of the cost to the electricity consumer. I do not have the exact figure with me, but I am sure it is a question Ontario Hydro would be able to answer for you tomorrow. However, it is built into the cost of power.

The other way in which the province contributes is as a cosignatory to a federal-provincial agreement that will look at ways and means of safely disposing of our nuclear fuel waste. That is the research to which the minister refers in Pinawa, Manitoba. It is being conducted by Atomic Energy of Canada Ltd.

Mr. Pierce: I am aware of the program and I have no problem with it. The question I am asking the minister, who is directing me to you to get the answer, is about our financial commitment to the continuation of the research in looking for safe storage for nuclear waste.

I am talking dollars and cents. I am not talking about location. I already know the locations and I know the people who are involved. That is not what I am asking. I am asking about direct dollars that are being injected into the program. The federal government recently cut back \$100 million in the research program.

Mr. Haggerty: Your government would not do that.

Mr. Pierce: Never mind whose government it is. We are all victims of what takes place in the province as well as in the country. I know the program is suffering for lack of funds and I am asking what commitment the province has to injecting money into the program. I realize we are signatories to an agreement on having the research done in the province and that we operate in conjunction with the program, but what is our financial commitment? Do we have one?

Mr. Chairman: That question is to the minister, is it not, Mr. Pierce?

Mr. Pierce: That is where I was trying to get the answer. He directed me to Mr. Shervill.

Hon. Mr. Kerrio: I did not quite understand what you were talking about when you said you were worried about the research. It is going on and we have a commitment. There is a deal between Hydro and the feds that we are going to have a proposal at a given time of the year. Everything is in place.

Mr. Pierce: The question was simple and straightforward: What is our financial commit-

ment to the program in dollars? We are here on estimates. What are the dollars?

Hon. Mr. Kerrio: The commitment is to keep it going to the fullest degree in establishing a place for spent fuel. Unless you think we should accelerate it or put more money into it, I do not quite understand—

Mr. Pierce: How much money are we putting into it now?

Hon. Mr. Kerrio: I have no idea. The arrangement is between Hydro and the federal government, to have that research completed for the burying of the waste in a specific time frame. We have run into some problems with the plutons and where we are going to put them and those sorts of things. However, the commitment is made; it is going on. If you want numbers, we will get them for you.

Mr. Gordon: As a supplementary question to Mr. Pierce's question to the minister, would you be willing to have that waste stored in your region of the province?

Mr. Haggerty: We get all kinds of toxic chemicals along the Niagara River.

Mr. Gordon: What is this, Mr. Chairman, a conspiracy?

Mr. Chairman: No. I was consulting with the clerk on something else. I am sorry. I missed that.

Hon. Mr. Kerrio: I am going to answer your question for you. The fact is that in the city of Niagara Falls we have just been through anything that we might do in relation to that kind of commitment. We were a party to the Ontario Waste Management Corp. studying us as a prime location. I put forward all the reasons why I did not think it should go there, but we were quite willing to accept the substantial amounts of money that were being spent to do the research to make a decision as to where it would go. That is the kind of society we are today.

I would not say I would want it; not many people would. However, we have developed a system in which one has proper public hearings and makes determinations as to where one puts it. To suggest that I would respond by saying yes or no—

9:10 p.m.

Mr. Gordon: I would not ask you to say yes or no. However, would you be willing to have that nuclear waste in your region?

Hon. Mr. Kerrio: Do you mean, if there was a pluton that would accept it?

Mr. Gordon: No. I mean if the studies took place and they said, "That would not be a bad place for it."

Hon. Mr. Kerrio: If the studies showed that was the place it should go, I do not know that we would have much alternative.

Mr. Charlton: Thank God we are looking at hard rock, not clay.

Hon. Mr. Kerrio: Yes, I cannot quarrel with that. We have to have a system.

Mr. Pierce: Am I to understand I will get an answer to my question?

Hon. Mr. Kerrio: Regarding the costs?

Mr. Pierce: Yes; the amount of money the province is injecting into the research program.

Hon. Mr. Kerrio: We will have Hydro bring it tomorrow.

Mr. D. W. Smith: We have been talking about research dollars. How much has the Ministry of Energy spent on research into tingle or stray voltage? I bring this up because I had a gentleman in my house on Saturday who was talking about it. Does the Ministry of Energy have a big research program on this? At what stage is it at this time?

Hon. Mr. Kerrio: Much as my deputy minister would like to answer this question, I think I will handle it myself. We are aware of a situation in which there is some concern about that aspect of farming. My deputy has been very much involved with Ontario Hydro in regard to some of the principles that are of concern. I will let him respond to the question.

Mr. Allan: The issue is unresolved. Ontario is ahead of most other jurisdictions in finding out there may be a problem, but we are not sure there is one. Ontario Hydro has put a lot of time and effort in and we have a device that some 1,200 or 1,500 farmers in the province have installed.

There is an unresolved question about what happens when you zap cows as to whether the milk or breeding is affected. The Ministry of Agriculture and Food has agreed to undertake a test study. It is a little like Crest, new Crest and all that stuff. You have to have a control group. In New Liskeard, they are going to tingle some cows and they are going to have a control group.

Mr. Gordon: You are doing it to the north again.

Mr. Allan: No, this has nothing to do with the north. It has to do with a control group in a scientifically determined environment, under the kind of parameters that can stand up down the road. A lot of jurisdictions are interested in this

such as New Zealand, Australia and the United States.

Therefore, we are going to do the test and the animal rights movement will get excited. There will be some reaction. However, we have to find out whether there is an adverse impact on production and breeding from stray voltage. That is what nobody knows.

Hydro has done the best it can. When this potentially adverse impact was detected, it licensed and sold adapters. There is a guy in Ontario who is making a good living out of putting them in. Nobody knows for sure whether there is an adverse commercial or economic impact. It must and will be done.

In the meantime, you guys, as legislators, will have to answer those questions. There will be scientific facts a year or 18 months from now so that you can give more confident answers. As a jurisdiction, Ontario will probably be way out in front of everybody else in presenting a series of facts, whatever the results are and whether there is an adverse impact or no adverse impact.

Mr. Chairman: It is good to lead the world in some things.

Mr. Allan: We are going to lead the world in this.

Mr. D. W. Smith: Has Ontario Hydro found out enough about this to the extent that it would change insurance companies because of a pending law suit? Does that have anything to do with this? Is it that big a problem?

I am going only by what I heard. A chap told me that a half mile down the road they can get two volts off a page-wire fence that is close to a natural gas pipeline. Also, his barn can arc a two-inch arc. It takes more than two volts to jump a two-inch arc, so I wonder how big this problem is. The other point I want to bring up is why Ontario Hydro changed insurance companies.

Mr. Allan: The minister can answer the difficult ones. The insurance issue stands on its own. I do not think tingle voltage has anything to do with it. Third-party liability insurance is a problem, as you legislators are well aware. I do not know of any circumstance in Ontario that would lead to the conclusion that your insurance risk has escalated at all. If you tell me that a half-mile distance and stray voltage led to that kind of arc, I think we have a guy who is seeing unidentified flying objects.

Mr. D. W. Smith: I did not say it led to that. I said they found two volts of electricity on a page-wire fence half a mile down the road. They could also produce a two-inch arc in the barn. I

am not saying the two were tied together, but a two-inch arc is a lot of stray voltage.

Mr. Allan: I do not disagree.

Mr. Haggerty: I suggest it is because he does not have a proper ground.

Mr. Allan: I think we have to go back to why some of these things come up. Your colleague the member for Kent-Elgin (Mr. McGuigan) is not here and I think he is the most knowledgeable person in the Ontario Legislature, if not in Ontario, about this stuff.

There were a couple of men who got zapped in the old wired barns. One of the reasons for changing the ground in the lightning situation was to protect humans against unusual situations. As a result, we may have made animals a little more vulnerable. You have to go through the history of this thing. In old barns in Ontario, with the wires running along the panning, a couple of guys got some pretty good shots. In fact, they are both dead.

Mr. D. W. Smith: That is all you need.

Mr. Allan: That has a lot to do with the ground.

Mr. Pierce: They had weak hearts.

Mr. Allan: I agree that a two-inch arc is an enormous jolt a half-mile away on the basis of stray voltage. I am not a scientist; I am a philosopher. I tend to think that if it does not start your heart, that kind of thing is going to kill you.

Mr. D. W. Smith: I brought this up during the Ministry of Agriculture and Food estimates. People in that ministry took the same chair you have taken and said they had found stray voltage half a mile away from a building. They are the people who said it. I am trying to find more answers.

9:20 p.m.

Mr. Allan: We are going to do the tests for the government. We will be the leading jurisdiction. The insurance companies and lawyers will be watching with enormous interest. This is apart from Hydro, because these kinds of scientific results get published and become the data or fact base that others can seek to find redress. It is going to start fairly soon.

In defence or in explanation of how we got to where we are, I would say once again that when the potential problem was presented to Ontario Hydro, it put a significant effort into designing and licensing an adapter that has been marketed and sold to some 1,200 to 1,500 farmers in this province. Where it has been put in, the problem has been solved.

So we can go back into history or we can presume there is damage, income loss, breeding deterioration and a number of other things, but we do not know. I hope the people who ask the questions are just as adamant about defending the experiment when other people worry about zapping some cows.

Mr. Chairman: Are there any further questions?

Mr. Haggerty: I want to follow up on that. I had some dealings with a couple of farmers in my constituency. One case was in Port Colborne, where three or four cattle were lost because of dehydration. They were not eating or drinking water, and no one could figure out what the problem was. They were not even eating silage.

With some sensitive testing equipment it was found that there was a low-voltage current going back in and through. The farmers discovered where the fault was. It was a good half-mile away. Some industry had tied in with Ontario Hydro and had changed a wire, and the neutral wire going back to the farm was charged. There was a low voltage; it was very small, but it was enough to cause the cattle to stop eating. The farmers could not figure out why. They had sent the carcasses up to Guelph for an examination and found it was not anything related to their food; it was related to the backfeed of low-current electricity going back to the whole system on the farm.

You may be running into problems now in municipalities that are using more plastic pipe and are not getting the proper ground. It could even relate to residential homes, too, if some precaution were not taken. Normally, the best ground you can find is someplace leading to water back down in the ground again. The old system with the cast-iron pipes was a good way to make sure you had a good security ground in the residential areas so you would not get that feedback. Sometimes you may run into problems later on if you do not check it even in residential areas.

Hon. Mr. Kerrio: I have only one comment to add to what the deputy minister has said. We have talked this over with Ontario Hydro and found that Hydro was most willing, whenever anything of this nature was brought to its attention, to go out immediately and do the necessary testing.

Without mentioning names, in the instance of the gentleman you are thinking of, that had not been done. He had the feeling that it had existed for a long time, but the testing had not been done. In fact, in every instance where Hydro has been

called, it has gone out, done the testing and put the equipment in to cut out that tingle voltage. Hydro has been very responsible as it relates to that issue.

There was another incident in the immediate past that was quite similar, in a way, but it was a concern about voltage that was induced from overhead high-tension wires and had some farmers quite concerned. I am not sure where that study ultimately led, but it was of worldwide concern and consideration.

Mr. Haggerty: One of those studies was done in Russia.

Hon. Mr. Kerrio: That is right.

Mr. Haggerty: One of the witnesses before the Hydro committee provided information on the high-voltage lines.

Hon. Mr. Kerrio: What has been said here is that Hydro has taken that matter seriously. In every instance where it is called, it will go out and check for stray voltages and put in devices so they do not happen.

Mr. D. W. Smith: I will have to address this to the minister. Is there no intervening funding or anything like that to bring a test case to the courts? Maybe you know whom I am speaking of. Is there no funding along those lines?

Hon. Mr. Kerrio: Our first responsibility is to make certain that there is a case without jeopardizing any future involvement by the ministry. We had hoped to encourage the Ministry of Agriculture and Food to participate in some research, with Ontario Hydro as a very willing group, to report on what has happened there. At this point I do not think we would be prepared to put anything forward.

Mr. Chairman: Are there any other questions while we have Mr. Allan here to talk about tingle voltage? If not, thank you, Mr. Allan.

Mr. Gordon: I would like to ask the minister what his views are on conservation. For some time now Ontario Hydro has tried to talk out of both sides of its mouth. On the one hand, it is selling electricity with little children dancing around on cold floors, and on the other hand, it is supposedly responsible for the conservation of energy.

Mr. Charlton: That is a hangover from the old days.

Mr. Gordon: Where do you stand on all this?

Hon. Mr. Kerrio: That is a very fair question.

Mr. Gordon: I thought it was, too.

Hon. Mr. Kerrio: I am sincere about getting to a position where we can share concerns and

agree in areas where there is mutual understanding. The two critics and I agree that in the whole area of conservation some questions have to be raised with Ontario Hydro about how committed it can be to conservation while it is advertising to sell more through a changeover to greater use of electricity. I feel very strongly that if you want to talk about my getting fired up about something, one thing that has not been done that will get a very high priority is the area of conservation.

Many people in the know have been told that the Canadian scene is a good place to unload inefficient household appliances, that there are great savings to be made in those areas and that there are major involvements in industry with motors. There are even places in the United States, jurisdictions that have made commitments, where one can show a return that will fund efficient motors and efficient uses of electricity.

I have a very high priority in relation to that kind of efficiency. We are addressing it.

Mr. Charlton: Is this your conservation presentation?

Mr. Chairman: Let Mr. Gordon finish.

Hon. Mr. Kerrio: Perhaps one more comment would be in order.

Looking at R-2000 houses, which cost \$10,000 extra to build, we have not done anything of significance in our building code to develop a basic code that would say, "We are not going to expect the average home builder to put \$10,000 extra into an R-2000 home." Instead of shrinking the walls to the point where you cannot get any insulation in, many things could be done that would not require huge expenditures.

That was a good question, and I concur with you completely.

Mr. Gordon: In that case, would it not be a good idea if conservation were a subject that Hydro left alone and if your ministry were the promoter of conservation?

Hon. Mr. Kerrio: That is also a valid comment. It would put them in competition with each other rather than have the conservation people involved in that at the same time as they are attempting to sell the product. Yes, I would take that into account.

Mr. Gordon: I take it you look on Hydro as a utility that should get out and sell its product.

9:30 p.m.

Hon. Mr. Kerrio: It is to deliver electricity. I brought this question up. It was said in the past that Hydro was charged with the responsibility of delivering electricity at cost. There should be some commitment there to the best cost, because

that relates to its role. Conservation and other things could very well be in competition with building and adding to new plants. We have shared the feeling that a kilowatt saved is a kilowatt we do not have to build into the system. Yes, that is worth consideration.

Mr. Gordon: Given the fact that hydroelectricity is such a basic necessity of life in this province, how can you justify the difference in cost to consumers in various cities and towns across this province?

Hon. Mr. Kerrio: It would take a new commitment to bring that into perspective. In the delivering we should somehow give some credit to those people who would go the efficiency and conservation route. Other utilities are doing it in other jurisdictions.

Mr. Gordon: I understand the point you are making. My problem is that you pay a different rate for your hydro in North Bay than you do in Toronto, Sudbury, Sundridge and so forth, and yet this is a basic necessity.

Hon. Mr. Kerrio: Yes.

Mr. Gordon: Can you not give some consideration or some thought to—

Hon. Mr. Kerrio: Their rates.

Mr. Gordon: Rates.

Hon. Mr. Kerrio: On the conservation side, we could be looking at a lot of interesting things relating to load management. We had 20,843 megawatts at our peak, did we not? Mr. Allan won the pool.

Mr. Gordon: Why did we not get a number like that?

Hon. Mr. Kerrio: To allow that to happen, of course, we should take into account load management. I am sure—and I say this with the greatest respect for everyone here—that Hydro is listening and that these things are going to be accepted as the wave of the future instead of major expansion in some areas. This is our contribution.

Dr. Higgin: There was also a question about the municipal hydro rates.

Hon. Mr. Kerrio: Yes.

Dr. Higgin: The answer to that in general terms is that the local rates reflect local costs and that the power is sold to those utilities by Ontario Hydro under the same terms and conditions. I am sure that, for those utilities to be viable economic propositions, they have to recover those costs. Those things are reflected in the local rates.

In terms of conservation, there are some legitimate types of conservation activities that

utilities undertake. Load management, for example, is an important one, because through load management they can defer adding new generation capacity. Often they are in the best position, along with the local municipal electric utilities, to practise load management and to encourage their major customers to get into that kind of thing.

There are various types of conservation options, and some of them are probably legitimate things for a utility to undertake. On the other hand, insulating your attic, upgrading your furnace or getting your car tuned up would be extreme, and maybe are not things that an electric utility should or needs to be involved in. Perhaps others can fulfil that role.

Mr. Pierce: Given the minister's personal commitment to conservation, would it not be in order somehow to excite people to get involved in conserving energy by offering tax incentives, such as lifting the Ontario sales tax on insulation products, for example?

Hon. Mr. Kerrio: Mr. Nixon has been trying.

Mr. Pierce: I realize it is not a popular measure with the tax collector, but if we are going to save these enormous amounts of dollars on the conservation of energy, then the tax dollars are not required.

Hon. Mr. Kerrio: These areas are worth considering. I know they were removed and replaced. There could even be incentives on electrical use in and around the home. Let us take an extreme example: The rate for heating a swimming pool should be somewhat different from that for our basic necessities. I do not know what the ramifications of trying to put that into place might be.

Your idea about taxing insulation is a good one. Any incentives to move in that direction are important.

Mr. Chairman: We have been—

Hon. Mr. Kerrio: Remiss?

Mr. Chairman: Not really remiss. I assume we have been debating vote 2201, the first vote of the Ministry of Energy. May I call for the vote now? Shall vote 2201, ministry administration program, items 1 to 4, carry?

Mr. Gordon: That is the vote that concerns the minister's office.

Mr. Chairman: That is correct. Are there any further questions on it?

Hon. Mr. Kerrio: The format has been quite open. I am not going to cut it off.

Mr. Chairman: I am not trying to rush it through. There do not seem to be other speakers at the moment.

Mr. Haggerty: I have some questions that relate to policy.

Mr. Chairman: Fine. We will not carry the vote.

Hon. Mr. Kerrio: Is this where you reduce the minister's salary to \$1?

Mr. Haggerty: Do not put that in their minds.

In Energy 2000: Fuelling Ontario's Future, it says on page 27 in regard to Ontario's oil reserves, "Annual crude oil production in the province is equivalent to only one day's consumption and our reserves are being gradually depleted." Are any new licences being given for tracts of land that may be used by exploration companies to explore for oil?

Hon. Mr. Kerrio: The only involvement we have had is with exploration in the bay. The only major involvement we have had on the energy side was involvement with the Ontario Energy Corp. Richard Lundeen can answer some of these questions because he is knowledgeable about them. Is that the major involvement we had?

Mr. Lundeen: Mr. Haggerty, was your question whether the Ontario Energy Corp. was involved in oil exploration?

Mr. Haggerty: Is it involved and in what areas?

Mr. Lundeen: I believe it has two joint ventures in Ontario that are looking for oil or gas, oil being the most readily marketable at the moment. It has had some success in an area near Leamington and also farther east along the shore of Lake Erie. However, there is no drilling for oil in Lake Erie; it is not permitted. There is drilling only for natural gas.

Mr. Haggerty: It has hit oil in Lake Erie.

Mr. Lundeen: If it hits oil in Lake Erie, it has to plug the hole.

Mr. Haggerty: You have had some success in drilling for oil around the Leamington area.

Mr. Lundeen: That is correct.

Hon. Mr. Kerrio: Were you not with us on the drilling rig? That is what we were doing on that drilling rig.

Mr. Haggerty: We were not looking for oil.

Mr. Chairman: Mr. Haggerty, there is no problem with pursuing this line of questioning, but I remind you that the Ontario Energy Corp. is coming before the committee on Thursday.

Mr. Haggerty: I thought it was the Ontario Energy Board that was coming.

Mr. Chairman: It is both.

Mr. Haggerty: Both? You mentioned only one the other day.

Mr. Chairman: No, they are both coming. Anyway, go ahead.

Mr. Haggerty: Is there a consortium?

Mr. Lundeen: Yes.

Mr. Haggerty: What industries or companies are we looking at?

Mr. Lundeen: The main joint-venture activity involves Onexco Oil and Gas Ltd., which is a subsidiary of the Ontario Energy Corp., and Consumers' Gas Co. Ltd. Although it is Consumers' Gas, it is oil that it is finding and producing. There is a second joint venture, but I am afraid you will have to wait to speak to the Ontario Energy Corp. about it. I do not have the details at the moment.

Mr. Haggerty: What reserves are we looking at with what you are finding so far in that area?

Mr. Lundeen: I do not have the information. In terms of production, they have been bringing wells into production with small amounts. By Ontario standards they are good wells; by western Canadian standards or those elsewhere in the world, they are very small wells. They are bringing a few barrels a day into production.

Mr. Haggerty: Are there any other sites in the area to the north of it that may be considered in finding oil?

Mr. Lundeen: They have a large area under licence in southwestern Ontario. They have been drilling in two main areas.

Mr. Haggerty: Is it the same consortium?

Mr. Lundeen: That is correct.

9:40 p.m.

Hon. Mr. Kerrio: Richard, could any enrichment be done in the event that oil prices were to move on some of the stock that could be extracted by methods that might be a little more costly?

Mr. Lundeen: One of the activities that is under way that does not involve the government investing but does involve grants through the Ministry of Energy and the Ministry of Natural Resources is an experimental project between London and Sarnia, involving what is called oil mining. The idea there is to drill a shaft down and then come in underneath the old oil reservoir, which is depleted by the use of normal extraction methods.

That technology may prove to be economic with today's oil prices, but it would be more attractive if oil prices were to rise in future. That is quite an attractive approach in Ontario where we have a lot of small reservoirs that have been depleted by conventional means.

Mr. Haggerty: Are these wells the kind that are not oil-bearing? What do you call them when there is no find in them? What do you do with those wells? Are they plugged off?

Mr. Lundeen: Yes. They are dry holes. That is the usual term. They are just plugged off.

Mr. Haggerty: Are they cemented in?

Mr. Lundeen: Yes, they are.

Mr. Haggerty: There is no possibility that somebody can come in there with a tank truck of toxic chemicals and dispose of them that way?

Mr. Lundeen: Not with today's drilling approaches. I know there are instances in Ontario of wells in existence in the past which I could not guarantee have been plugged. The Ministry of Natural Resources is responsible for administering that.

Mr. Haggerty: The Ministry of Mines at one time looked after that. Probably it has reverted to the Ministry of Northern Development and Mines.

Mr. Lundeen: No, that is still under the Ministry of Natural Resources.

Mr. Haggerty: But can you assure me that those dry wells are plugged off according to all the regulations?

Mr. Lundeen: Yes, sir.

Mr. Chairman: Mr. Miller, do you have questions for Mr. Lundeen?

Mr. G. I. Miller: I do not know whether I should bring up my question tonight. It concerns Ontario's natural gas. We have an extensive field in southern Ontario, but I believe they are not going to be doing any drilling in 1986 because they cannot get it into the pipelines. The market is down.

I wonder if the minister would consider giving us the first right to put our gas into the main lines to encourage further drilling and to keep our industry alive by giving it that right to supply the markets here. Only a small percentage is produced in Ontario and it would not seem to affect the overall markets that much. Is that a possibility?

Hon. Mr. Kerrio: I do not think there is any restriction against putting the gas in the pipelines, except for the price. Your question is valid. It would be a viable operation to do the drilling.

The question is whether we would pass on the added cost to the consumer. I have not had the subject broached before. Is there any other factor you can think of, Richard, that would impact on putting that into the supply?

Mr. Lundeen: There was an occasion a couple of years ago when the gas distributors did not feel they were able to buy any additional gas in Ontario because they were bound by contracts to TransCanada PipeLines Ltd. and the western Canadian producers, but that was resolved.

To the best of my knowledge, at present any gas that is offered to either Union Gas Ltd. or Consumers' Gas Co. will be purchased. In the case of Consumers' Gas, one of its purchases is at a lower price than it pays for the gas from the trans-Canada pipeline, because it still has to pay demand charges to TransCanada PipeLines. But I am not aware of any case where they are not prepared to buy gas that is offered to them for sale.

Mr. G. I. Miller: I believe it was Metalore Resources Ltd. that had an operation and it was cut off for a period of a few months last fall. They had some problems negotiating a price.

Mr. Lundeen: I believe that was the case.

Mr. G. I. Miller: The quality of the gas is better than that of the pipeline gas. I do not think it was the price that was causing the problem. They are not drilling further for wells. They are small operators and they are not going to be working or drilling. We have to do something about employment in Ontario. Maybe we can take a look at it.

I am not sure whether they are going to be drilling on the lakes this coming year. There was a report that they would not be drilling. When we made the trip to the rigs, there were two rigs, one of them working, I believe with considerable employment.

Mr. Haggerty: About 200 jobs will be lost.

Hon. Mr. Kerrio: I have no problem with getting more details. My first impression was that the main reason was pricing. You have raised the question. Unless there is something more for the committee, we will examine and report back on the matter. Can you think of anything else?

Mr. Allan: The member should be aware, and he is aware as are other members, that there is a gut issue having to do with priority in the location of gas for the delivery system. There are long-term contracts, and down the road it is at least a question whether Ontario gas should have priority, regardless of contracts. If that is what

Mr. Miller is addressing, it has to be handled head on. We are talking about interprovincial long-term contracts and about past relationships.

As a small producing province, if we bump everybody's gas to take all Ontario gas, it means we are into the issue of "at what price?" Under those circumstances, the pricing negotiation might be construed to be tilted somewhat. A guy who is going to sell all his gas because he is first into the line is not going to be overly generous about discounting or being flexible otherwise.

Nevertheless, that is a gut issue and other small producing jurisdictions that are also major consuming jurisdictions do give priority to their own indigenous gas, regardless of contracts. If this jurisdiction were to go that route, I suggest it would be a small matter in terms of dollars, but it might be a larger matter in terms of principle.

It has been considered and is still under consideration. It would be an enormous signal to our western counterparts at a time when we want those gas producers to be flexible and to discount, so our total market, our consumers and industries, can get the best price for gas delivered to their factories.

Mr. Haggerty: When we visited the drilling rigs on Lake Erie this past summer, there was some discussion and some feeling that in the exploration and development of gas wells, while both industries or companies were out there drilling, there was a difference in the tax base. I hope I have understood it correctly. In drilling out on the lake, Consumers' Gas may be considered as a utility, whereas the other industry is considered as being in exploration. There is quite a tax differential for the two companies drilling there.

9:50 p.m.

Have there been studies in that area? Has the minister or someone in his department studied the uncertainty of the city-gate price of natural gas continuing to be tagged to the price of crude oil? That has always been one of the problems. What will the impact be of the western import on the price of gas with regard to export now to the United States? If you look at Energy 2000, you will notice quite a stretch in there. One can almost bring the gas cheaper into the US.

Hon. Mr. Kerrio: Mr. Allan, that is an area in which you are an expert.

Mr. Allan: I am only here to listen and learn.

Mr. Ramsay: Do not get carried away.

Hon. Mr. Kerrio: The guarantee, of course, was on the Toronto city price.

Mr. Haggerty: That is right.

Hon. Mr. Kerrio: That is fixed.

Mr. Allan: You must remember we are in a volatile market. Some people in the bowels of the ministry have suggested on occasion that we bring in gas to have a price discovery system. In agriculture, with marketing boards and all that stuff, everybody is interested in price discovery. As a consuming jurisdiction, we are very interested in price discovery because we buy \$4 billion worth of this stuff. We would love to know what other guys are paying or what arrangements, however small, could be on the periphery.

Union Gas did make such a deal for interruptible gas at about 65 cents, delivered cheaper than system gas. There are direct purchase deals going now. I suspect as we go through the spring the average price of gas will steadily erode, and it should. That is the reality out there. There is a lot of gas. A number of people are trying to cope with the regulatory impediments to allow consumers, co-ops, whatever, to get cheaper prices on that commodity. In our assessment, the market would indicate that prices should be softer than they are, whether it is to the year 2000 or whatever.

As you might imagine, we are running into a hell of a lot of opposition from the guys who sell the product, whether it is rutabagas, young veal or gas. Guys who are selling it and have a handle on the market do not willingly reduce their price.

Mr. Haggerty: You are talking about marketing boards now.

Mr. Allan: No. Do you think gas does not have a marketing board? That is what those 672 producers are. They are a god-damned marketing board, and that is all they are. TransCanada and all the other paraphernalia are a smokescreen for a marketing board.

Mr. Haggerty: I thought they were a cartel.

Mr. Allan: All right. They are a marketing board, so they want to get the best price as long as they can, regardless of demand factors or market trends. Our job as consumers and buyers is to get better prices and price discovery signals. We have very few cards to play, but we have been trying to play them all. One is to ask, "What the hell is wrong with bringing some gas into our markets without undermining the national fabric and the interprovincial pipeline?"

Mr. Haggerty: Bringing it in from where? Are you talking about bringing it in from the United States, from Texas—shipping it from the western side and making a loop?

Mr. Allan: That is right. It is not to bump out a Canadian resource which is upgraded and used in other Canadian provinces. That is far from the instinct. It is to say: "Wait a minute, this is a pretty free-wheeling market, there are a lot of forces at work. We do not see them working here so we want to try to peck away at the fringes to see if anybody notices."

Hon. Mr. Kerrio: Mr. Allan, we are having problems making arrangements with TransCanada PipeLines right now. The National Energy Board has been stymied with TransCanada PipeLines asking for time to get transportation to deliver gas to C-I-L Inc., which has one of the first contracts to buy direct. We still have some hurdles to get over to get the gas delivered. That is all part of the plan.

Mr. Haggerty: When you say C-I-L will buy direct, will it be at a cost less than Consumers' or Union Gas or some other gas company can pay?

Hon. Mr. Kerrio: Yes.

Mr. Haggerty: It seems as though the companies will complain then.

Hon. Mr. Kerrio: The problem they are having is to get it delivered. There is another player involved, the corporate board.

Mr. Allan: There are four players: producer, transporter, distributor and customer. If it opens up a bit and some guys go into the legion hall and make some price comparisons, something might start to happen. We have not seen it, but we are trying to encourage guys to go into the legion hall.

Mr. McGuigan: Duncan, you mentioned that some jurisdictions have a policy whereby the gas distributor will buy any gas offered by a small producer. Where does that happen and is it done by legislation, in the same way Ontario Hydro buys hydro from a small producer? That is done by policy, I guess. Is that enacted by legislation?

Mr. Allan: Richard, is that about one and a half per cent?

Mr. Lundeen: Less than two per cent.

Mr. Allan: Less than two per cent of our requirements is domestically produced, and there is an enormous network of long-term and short-term contracts locked into financing, pipelines and so on.

There are jurisdictions—and I will get a list for tomorrow morning—which have said, nevertheless, any resource indigenously produced has priority over any imports. When I said there is a gut issue, that is it. If you legislate that, you have

to do it in full cognizance of the fact that, as a buying province, we have a different history.

I do not think it would make a hell of a difference. A few noses would be out of joint, a few guys would get bumped off the queue of existing contracts, but it is a signal that we are trading and giving preferential treatment to our own guys in a free-wheeling market situation, and we are also giving them a price umbrella which may or may not be available to everyone.

That is what is perceived, even with two per cent. When you consider that question, and it is an issue, you have to think about how people will react to it, as much as how it goes down in the constituencies.

Mr. McGuigan: From my experience of marketing boards, two per cent will break a marketing board. If we had an extra two per cent, we could break the western gas companies.

Mr. Allan: Mr. McGuigan, I am a great believer in a small move at the margin setting the price, but the day we have another pipeline delivering gas to the market—in Chicago four major interstate pipelines deliver gas and they compete aggressively in final markets, not just in production markets, and there is free-wheeling competition—but 98 per cent of our gas comes out of one pipe.

The 657, or whatever it is, producers have a pretty effective marketing board at the other end. I do not believe two per cent of the rutabagas will break somebody's market.

Mr. McGuigan: It will in rutabagas, but maybe not in gas.

Mr. G. I. Miller: We are not against Canadian production, but really we are only talking about peanuts. If we could strengthen our base here, it would be a step in the right direction.

Another concern is that they can run a gas line down by your farm but you cannot hook into it for running dryers and that type of thing. Rural Ontario is not being catered to. Our area was hit pretty hard when Union Gas proved that the gas lines were not distributing, but were collecting, getting old and deteriorating. There was a plan put in place to upgrade those lines. Is there anything in place at present to encourage more distribution through the Ministry of Energy provincially or the federal department?

10 p.m.

Hon. Mr. Kerrio: I cannot think of anything except the marketplace that would determine how they distribute.

Mr. G. I. Miller: Was there a new program and price for helping to expand those distribution lines?

Mr. Lundeen: A federal program called the distribution system expansion program was introduced in 1980; it provided grants to the distribution utilities to help them put new lines in place to serve new customers for the purpose of taking them off oil.

Mr. G. I. Miller: An off-oil program.

Mr. Lundeen: That program was phased out over the last year by the federal government.

Mr. G. I. Miller: Is there any possibility of getting that re-established? We have all kinds of gas and more people could get on it. I know it is competing with Ontario Hydro—

Hon. Mr. Kerrio: The cost factors have to be brought into place. The cost of installations generally has to be recovered through the customers served and the volumes used, and that is a major factor. Governments would have to step in if you are going to distribute to those places where it otherwise would not be feasible to provide service. I suppose you are suggesting that we do it in some areas of energy resources and that we should be considering this one. I cannot think of any other factor, except that you would have to introduce funding from outside to distribute where it is not economical.

Mr. G. I. Miller: If a line goes by your door, you should have the right to hook into that line. That is the other area of consideration. They seem to cater to the big markets rather than give service to individuals who have some access to it.

Hon. Mr. Kerrio: I would have to look into that. Are you thinking of tapping a main line for individual connections?

Mr. G. I. Miller: Yes.

Hon. Mr. Kerrio: I do not have a feeling about it. I imagine we could get an answer.

Mr. McGuigan: Pressure might be a problem.

Mr. Haggerty: They have regulators to compensate for pressure.

Hon. Mr. Kerrio: We are getting right back to the original comment I made that it is based on distribution. Ontario Hydro is willing to take that into account and to equalize prices across the province. The utilities recovering the installation costs are not prone to do that now. I go back to my original comment that if it were going to be done, it would have to be supplemented by someone. Beyond that, does anyone have any other comments?

Mr. Chairman: Are there any other questions?

Mr. Allan: I guess as a committee, you can choose to apportion your time any way you like, but tomorrow Ontario Hydro comes on, and the Ontario Energy Board and the Ontario Energy Corp. will come on Thursday.

As a plug for all the good staff here, we have a good presentation on conservation that we want to show you some time in the deliberations because it sets the stage for some of the questions you might want to ask Ontario Hydro. I would have suspected in any case that it might set the stage. That is not to hint that there are any enormous initiatives, but it is an enormously important part of our ministry's operation. The things we are doing and the things we propose to do or put to the new government are worthy of your deliberations. I raise that only as a plug.

Hon. Mr. Kerrio: It is a substantial investment we make there. Do we have a number?

Mr. Allan: It is about two thirds of the investment of the ministry in a year.

Dr. Higgin: It is about \$28 million, or about 70 per cent.

Interjections.

Mr. Chairman: The suggestion has been made to the committee that there is a presentation that would be helpful to members.

Mr. Allan: It would take exactly 22 minutes; and I am looking at the clock.

Mr. Chairman: Is it the wish of the committee members to view that now, or do you wish to go ahead with the regular debate under the votes?

Hon. Mr. Kerrio: Mr. Charlton, how do you feel about a conservation presentation?

Mr. Charlton: Your presentation?

Mr. Chairman: Do you want to see the presentation, or do you want to continue with the questions under the votes?

Mr. Andrewes: Conserve it, preserve it.

Hon. Mr. Kerrio: He does not know the new rule.

Vote 2201 agreed to.

Mr. Chairman: Let us proceed with the presentation on conservation. Is that the wish of the committee? Are all members in agreement? Okay

Dr. Higgin: While we are getting the team assembled, I will make a couple of introductory remarks.

The purpose of the presentation is to provide an overview of 1985-86 expenditure plans; that is, to look at how we are allocating the resources. Before we get into that, we will spend a couple of

minutes to recap some of the important energy use trends happening now and what we are looking at in the future, as per the Energy 2000 document. We will then provide information on our major programs in conservation and alternative energy and look at some of the results and impacts that these programs are achieving for the money being expended.

I would like to briefly introduce the first group, the conservation panel. If you have your notes here, you will notice we have Duncan Taylor, who is with the policy group. He will talk about the emerging trends in energy which are important with relation to conservation, fuel substitution and alternative energy technology. Duncan Taylor is on the left.

Then we have Syd Johnson, who is the manager of the alternative renewable energy group. Next to him is Linda Ploeger, manager for the industry and transportation programs, and next to her is Susan Waterfield, who looks after our conservation and community programs.

The order of precedence will be Duncan Taylor, followed by Susan Waterfield, then Linda Ploeger and Syd Johnson. We have one other member, Bob Greven, manager of the research program. He will be coming out when Duncan Taylor has given him a seat. We will start with the presentation. Duncan, over to you.

Mr. Taylor: Looking at the trends over the past 14 or 15 years, there is a significant break in the trends around 1979-80. In the 1970s, total energy use grew by more than 30 per cent, and although energy efficiency improved over the economy, it improved only slightly, by about six per cent. Oil use also increased.

Starting about 1979-80, the trend reversed dramatically and energy use dropped in total over the four years 1980-84 by about three per cent, even though the overall economy did grow. Efficiency improved by about nine per cent—that is, the amount of energy use per dollar of economic output—and most dramatically, oil use dropped by about 17 per cent in about four years.

Part of the reason for this was the economic slowdown in 1982, but significantly, and particularly for the improvement in efficiency, there was the factor of increased prices. Oil and gas prices increased dramatically, particularly after 1980, and government programs, both federal and provincial programs, came in, in a large way and changed people's behaviour—people turned down thermostats, industries cut back on wasteful use of energy—and changed the investment in conservation.

We have taken these factors into account in our outlook for the future and in the document which you have probably seen, *The Shape of Ontario's Energy Demand*. We have forecast that by the year 2000, total energy use could grow, but only by about 18 per cent. That is about one per cent a year, compared with the three per cent a year growth in the 1970s. There is a significant slowdown in the growth, which is largely a result of improvements in efficiency. Oil use also will drop further, we think.

10:10 p.m.

The efficiency improvements will be largely a result of improvement in investment in new technologies. The next slide, however, shows how much we still have to do. Looking back to the 1972-83 period, comparative efficiency in Canada improved by eight per cent, but our major industrial competitors improved by significantly more. The United States, the United Kingdom, Norway and Japan reduced their use of energy per dollar of economic output much more than Canada did.

It is not all a gloomy picture, because part of that reflects the strength of Canada's heavy energy using industries. We have a lot of iron and steel, pulp and paper and chemical plants which tend to raise our energy use. Looking at the bottom of the table, you can see we are still less efficient than the UK, Norway and Japan, even after adjusting for climate.

The final slide elaborates on the trend I pointed to, the trend to the year 2000, and shows what we think could be achieved in different sectors of the economy. Most dramatically, the changes will be the result of investment in new technologies, such as more fuel-efficient cars and energy-efficient houses, which have been developed in the past few years.

We think the greatest improvements will be in the residential and transportation sectors. We think energy use per home could drop by 25 per cent. Each home on the average could use a quarter less energy. Similarly, gasoline use per car could improve by 25 per cent as old gas-guzzlers are replaced by new fuel-efficient cars.

Mr. Andrewes: And bikes.

Mr. Taylor: And bicycles. Thank you, Mr. Andrewes.

On the other hand, we see industrial use as the major area of growing energy use. Again, this will reflect what we see as continuing strength in industries, such as iron and steel, pulp and paper and chemicals, which use a lot of energy. As a

result, we could see total industrial use growing by 32 per cent.

The final point in this slide will be of interest to some members. We project that alternative fuels in transportation—by which we mean principally methanol but also propane and some natural gas—could make a significant dent and take some six to eight per cent of the total transportation energy use by the year 2000.

That completes the overview of the trends. I will hand it back to Dr. Higgin.

Dr. Higgin: We now move into the first of our conservation program areas; we call it the conservation and community program, but it really is the consumer residential area and public sector buildings. Those are the main areas. Susan Waterfield will quickly take you through what we are doing and some of the results that have been achieved as well as things we are achieving in that program.

Ms. Waterfield: We are starting our presentation by looking at a spectrum of conservation activities. We put the presentation together this way because, when we are looking at delivering our programs, we analyse the activities we are going to provide to the different sectors on a spectrum.

On the left side of the screen, or in your notes, it indicates information. What we are looking at in that area is inputting new ideas into the market, a credible source of noncompetitive information. As we move along the spectrum, we look at things like targeting our markets, needs analysis and program review.

Under training, we are going to look at things such as course development and training people on retrofit and energy management activities.

Outreach is the personal side of our program where you see a lot of one-to-one contact between our outreach employees and different people in Ontario.

What we are trying to do in the area of commercialization and demonstrations is to move new energy-proven products into the market and encourage use of energy-efficient products by organizations in the community. Ms. Ploeger and I will both speak to that.

On the far right is the harder type of service we looked at; that is, financial assistance or grants. Our presentation will be put in that framework.

The consumer residential area is a very active area in the ministry in that we have a lot of publications and outreach products that go to the consumer. We have videos. At the moment we are working on a publication series and a product directory outlining all energy-related products to

be used to develop fact sheets, information sheets and possibly a booklet for the public so they can refer to those products. We also develop teaching aids for teachers. We have a large curriculum program. I put thermography there because we are developing a film showing thermography in before-and-after retrofits as a promotional item.

In the planning stage, we are looking at our consumer residential programs and doing an awful lot of market evaluation to ensure we reach the markets we want to reach. The planning function has become very important because we want to know what our impact is in the marketplace. We have put an awful lot of work into that in 1985-86.

With respect to training, we train energy advisers for our HeatSave clinics. Our hope is that once the HeatSave clinic is over, our advisers can go into the marketplace and sell their knowledge, whether it be working in a retail store or for some kind of specialist firm. We also do energy retrofit training. We are training youths how to do retrofits on housing in the hope that they will be able to get jobs working with contractors and promoting energy management.

In the outreach area, everyone has heard about HeatSave. It is a very big part of our program. I will show you statistics about that in a few minutes.

As with our education program, one of our biggest hits in the ministry is Dudley the Dragon and his message with respect to energy conservation in schools. We are also in the process of putting a film together so we can provide information further afield. It is going to be a film based on the play, and we are looking forward to seeing that in about two months.

We participate in pretty well every home show or home-related show in the province. We are putting together exhibits and displays. This year has been very active. I do not think we have missed any home shows whatsoever. We have a religious buildings program and a manual we put together which different congregations can use in putting together their own energy management program. We also have an adviser who will visit the different religious buildings and their congregations to help them set up a program.

We are trying to set up outreach networks in the community. Energy Educators of Ontario is an organization that has about 938 teachers. We feel the more organizations we can build out, the stronger the message we can deliver.

We do not have commercializations and demonstrations in the existing residential area at this time.

As far as targeted financial assistance is concerned, there was the federal Canadian home insulation program and the Canada oil substitution program. At present, the ministry is running a draftproof program which draftproofs homes of people in need.

These are just some highlights of that slide. We have served 77 communities in the HeatSave and draftproof areas. The statistics speak for themselves pretty well: 165,000 consultations, etc. On the other side, we have had more than 400 performances of our play to 280,000 children. If we are based on time, I will move on quickly.

There is one more area: public and institutions. Included in the public, institution and commercial area is the municipal sector, the government sector, hospitals, universities and commercial buildings. It is quite a large area. We are putting together manuals and guidelines for people to use in their energy management program. What we have put together in the municipal area—some people may have seen it—is quite an active Communities Taking Charge marketing campaign that has been promoted this year.

10:20 p.m.

In planning, we are looking at serving the needs of smaller municipalities. We feel that is an area we need to work on because they have not implemented as many conservation activities. In the training area, we train municipal auditors and we have an active training program for building operators-managers.

As far as outreach is concerned, we are continuing the thought of developing organizations that are interested in energy. The universities, municipalities and auditors have associations spreading the message. We are trying to get as much leverage as possible in that area. People are familiar with the downtown forums in Toronto and Ottawa. We attend many conferences in all these areas. This is a list of some of the areas of commercialization.

As far as cogeneration is concerned, we have funded cogeneration in four universities through our EnerDemo project, the Canada-Ontario conservation and renewable energy demonstration agreement. We can supply some information on that if you are interested.

We have a lot of financial aid in the area on the right-hand side. We fund government provincial buildings with energy management grants. As far as municipalities are concerned, depending upon the type of retrofit, there is a grant program available for the municipalities that runs for another two years. We also fund, to a certain

extent, universities and hospitals up to 50 per cent.

The next slide shows some of the accomplishments in that area. For an investment of \$36 million over the past 10 years, we have realized \$85 million in cumulative savings. The figures on the left-hand side of the chart indicate the accomplishments in the government buildings at the top and institutional buildings at the bottom. The right-hand side indicates the number of grants to municipalities, the number of audits we have carried out and the number of training sessions.

That gives you the management by results we have accomplished over the past few years.

Dr. Higgin: We now move quickly in the time available to talk about the industrial and transportation programs area. Linda Ploeger will deal with that.

Ms. Ploeger: I am going to start with the transportation program area. I would like to mention that this is a program delivered in consultation and co-operation with the Ministry of Transportation and Communications.

Our information component includes a wide range of publications. The technical manuals are primarily how-to manuals. I shall identify for your information some of the highlights in the planning area that may be of interest.

The guidelines on small municipalities are under way with seven surveys in various municipalities, resulting in two reference documents on traffic control and street system management. Urban Fleet Techniques deals with idling, roadway management and progressive shifting in fleets. Optimized Truck Routing is a very popular one with the truck community; it deals with dispatching systems, routing and schedules for truckers.

Fuel Economy Measures for Automobiles is one of our most popular publications because it provides information, such as that using block heaters for two hours every morning is an efficient way to heat your car. It includes other items, such as the fact that at high speeds it is more efficient to run air-conditioning than to have your windows open. It tends to be a very popular document.

We do a number of training seminars; we have run eight this year for driver education in fuel economy seminars. Our fleet management seminars to date have held courses for 152 managers, both in maintenance and supervision of drivers in fleets.

We have substantial activities with respect to seminars, trade shows, conferences and dis-

plays. In the area of commercial demonstrations, our Fuel Economy Challenge is an annual event for over-the-road truckers, this year involving 378 truckers from 46 companies. That is substantially up from the introduction of the program, when we had 60 truckers involved in the challenge. The results are proof that energy savings are possible through professional driving and energy conservation.

This year we are converting a large number of government fleet vehicles to natural gas. There will be approximately 35 vehicles converted in the present fiscal year, and we hope to convert more next year.

Our fleet management information system has been tested in Sudbury. We plan follow-ups in Sault Ste. Marie, Hamilton and Whitby. It is a software system to co-ordinate vehicle deployment and maintenance programs for city fleets. It will result in another how-to manual.

The next slide identifies some of the savings we have accomplished in the transportation energy program. I point out that our DriveSave program for cars and light trucks has resulted in annual fuel savings of roughly 10 per cent. The TruckSave companies have resulted in fuel savings ranging from five per cent to 10 per cent.

In our industry program area, we have a number of things such as the product directory on energy-efficient products in the conservation area. We are linking with Susan Waterfield's residential program on that.

We have a number of planning studies under way this year. One is the low-temperature dryer, a special technology project developed at Guelph. This project involves field testing and the first commercially produced units of this type of dryer.

We do both turbine and small hydro site inspections. We are doing a number of things in course development. One is a new small hydro course for engineers which will be part of our small hydro conference coming up in March.

As well, we have been involved in several commercialization demonstrations in the areas of energy management, heat recovery, reverse osmosis and waste heat utilization. We have three targeted programs for specific assistance to industry: small hydro, the greenhouse program and the grain dryer retrofit.

The next slide briefly highlights some of our accomplishments in each area. The grain dryer retrofit assistance program is a three-year program which terminates in March 1987. It is a one-third grant, or \$30,000 per dryer, to retrofit automatic controls to commercial grain dryers. It

is delivered in conjunction with the Ontario Ministry of Agriculture and Food through its agricultural energy centre.

Our greenhouse retrofit assistance program is a five-year program. Again, it is a joint program with the Ministry of Agriculture and Food. It runs until March 1988. It is a one-third grant program to a maximum of \$34,000. It applies to some 20 approved technologies. Some of the more prevalent technologies applied in the greenhouse program are double poly over glass, thermal blankets, high-efficiency electric motors, high-intensity discharge lighting and automatic controls.

The small hydro encouragement program began to a large extent with mini-hydel in 1981, where we did some demonstrations. We did more demonstrations in 1983. We have a municipal feasibility program to provide assistance to municipalities. We have been involved in a seven-site program on demonstrations.

Recently, we announced the introduction of a new small hydro program for the north for the current fiscal year. It is for off-grid commercial industrial applications running on expensive diesel. That concludes my brief summary.

Dr. Higgin: I think we are all conscious of the time. It would be realistic to break the presentation and leave the energy technology part for a later opportunity, should it arise.

Also, we will be very pleased to take questions. I think the ministry will be here for the last session. It would be appropriate at that time to ask any follow-up questions, having had time to read the material, and we could put on the other presentation if that is desired.

Mr. Chairman: Thank you for the presentation; it was most informative. I suggest we adjourn now and meet again at 10 a.m., when Ontario Hydro will be here.

The committee adjourned at 10:30 p.m.

CONTENTS

Tuesday, January 14, 1986

Ministry administration program:	R-705
Main office	R-705
Adjournment	R-729

SPEAKERS IN THIS ISSUE

Andrewes, P. W. (Lincoln PC)
 Charlton, B. A. (Hamilton Mountain NDP)
 Gordon, J. K. (Sudbury PC)
 Haggerty, R. (Erie L)
 Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
 Laughren, F., Chairman (Nickel Belt NDP)
 McGuigan, J. F. (Kent-Elgin L)
 Miller, G. I. (Haldimand-Norfolk L)
 Pierce, F. J. (Rainy River PC)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 Smith, D. W. (Lambton L)

From the Ministry of Energy:

Allan, D. M., Deputy Minister
 Higgin, Dr. R., Assistant Deputy Minister, Programs and Technology
 Lundeen, R., Director of Operations, Policy and Planning Division
 Ploeger, L., Manager, Industry and Transportation Programs, Section Programs and Technology
 Shervill, P., Manager, Electricity Section, Policy and Planning Division
 Taylor, D., Senior Economist, Economics and Forecasts, Policy and Planning Division
 Waterfield, S., Manager, Conservation and Community Programs, Section, Programs and Technology



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy

First Session, 33rd Parliament
Wednesday, January 15, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 15, 1986

The committee met at 10:12 a.m. in committee room 228.

ESTIMATES, MINISTRY OF ENERGY (continued)

Mr. Chairman: The committee will come to order. We are officially on vote 2202 of the estimates; however, I think it is clearly understood that we are here to discuss energy matters with Ontario Hydro. I do not know whether the minister or Mr. Campbell wants to introduce the people here.

Hon. Mr. Kerrio: I thought we would introduce Mr. Campbell as the chairman and then have him introduce the staff members he has with him and give their various roles.

Mr. Campbell: Yes. We have the senior executive vice-president, Pat Campbell; Sam Horton, second vice-president in charge of construction; Arvo Niitenberg, in charge of production; and Ted Burdette, in charge of finance and administration in Ontario Hydro. We are all here. I could read a few remarks to start with, if you like.

Mr. Chairman: That would be most appropriate.

Mr. Campbell: It is very brief, about 10 minutes. First, we are pleased to be here because we think opportunities to appear before these committees are an important way to carry out our responsibility to be accountable to the public.

As you recall, we appeared before the select committee on energy last fall. We thought this was a very useful session for Ontario Hydro. It allowed us to present a lot of factual information. The members had a very comprehensive overview of our system planning process and the options we are considering for the future.

That is very timely because we are in the process of making some major decisions about how to meet the demands in the future. We are very interested in the input which the Legislature and its elected members offer on our policies and objectives, because we serve all the people in Ontario—or almost all of them; we try to serve them all.

We are now doing a supply-demand study, which you have heard about. This is probably the most thorough planning exercise Hydro has ever

gone through. We are examining carefully all the options available and a wide range of possible demands that could be put on the system, after 1995 in particular. We are pretty clear up to 1995, which is 10 years away, now narrowing down to nine years. We have some very real options open after that.

We are not looking for single solutions to problems. We recognize that we are going to have to have a wide variety of solutions to meet the various energy needs we may have. We are trying to make our planning match the variety of options available. Very central to our planning is a recognition that a publicly owned utility such as Ontario Hydro has to promote the efficient use of energy throughout the province. That is our number one consideration.

We believe the co-operative efforts of utilities and electricity customers can significantly minimize growth and peak energy requirements. This will limit the need to construct new facilities to supply new needs. In other words, we believe we can work towards greater energy efficiency on two fronts: first by trimming growth and demand through active conservation programs; and the balance will have to be made up by increasing supply to meet energy needs.

As I mentioned to the select committee, we do not regard energy conservation as a diversion from our main business of finding new energy sources. Conservation is an important, integral part of our overall strategy for meeting future needs. We are evaluating the potential benefits of putting money into conservation programs on the same basis as we evaluate putting money into new generating stations.

I think we will find that in many circumstances conservation is actually going to be the best investment we can make and the cheapest for our customers. We are counting on 3,000 megawatts from conservation by the year 2000. That is a significant number. In December 1985, we set an new all-time record of approximately 20,000 megawatts peak. That was about 13.5 per cent higher than the peak the previous December.

Hon. Mr. Kerrio: It was 20,843 megawatts.

Mr. Campbell: All right, very good.

To put that into perspective, we are now producing 20,000 megawatts at peak, and we are counting on 3,000 megawatts of conservation to

be in place in the next 15 years. That is equivalent to a major four-unit nuclear plant. That shows what importance this has for us, because if in some way we are not able to achieve that kind of conservation we will be faced with what is in effect the size of Darlington.

Mr. Chairman: At the expense of Darlington?

Mr. Campbell: If you cannot conserve it then you would have to build something that size. That is how important we think it is.

In addition, we think that by further incentives to industry we might get another 1,000 to 4,000 megawatts. That is a very major kind of contribution we are looking at. We anticipate that successful conservation programs in the future, whatever the case, will keep our new requirements quite modest.

Hon. Mr. Kerrio: Can you elaborate a little on that? Are you talking about parallel and cogeneration areas?

Mr. Campbell: When we are talking about conservation, the 3,000 and the additional 1,000 to 4,000 megawatts are strictly in conservation.

Hon. Mr. Kerrio: Strictly on that side.

Mr. Campbell: Cogeneration would be a source in addition to that.

Mr. Haggerty: In total then, are we looking at 7,000 megawatts?

Mr. Campbell: That would be the maximum range. We are counting on 3,000 megawatts, and there is another range of between 4,000 to 7,000 megawatts we think may be possible. We will probably have to put quite a few incentives in place to get that.

There are a number of other options we might pursue, although not all would have the same attractiveness. For example, we might purchase some surplus capacity from neighbouring utilities and thereby reduce our need to build.

We might embark upon joint ventures with Quebec or Manitoba; that is a possibility. Right now we are discussing purchasing and the possibility of joint venture, although the joint venture is probably a long shot. Quite understandably, other places are not always too keen to have someone else come in and develop their resource. They like to do it themselves and get the full benefit, the same way Alberta likes to export its own oil. They would not appreciate us coming in and saying we would develop a few wells for them.

10:20 a.m.

We will also be looking at refurbishing or refitting some of our older mothballed plants to

reduce acid emissions. For example, the Hearn plant in Toronto is in a very good location. It is hooked into our transmission system. We would not bring that plant back to operate on coal today because, environmentally, that would not be acceptable. However, we have the location there.

That might be a good spot to redevelop and put in some new kind of coal-burning plant with proper emission controls, whatever the state of the art is at the time. It is also equipped to burn gas. That is pretty good for sulphur. It is not good for nitric oxide. It produces more nitric oxide than coal does. That is a problem, in that there is now some indication that nitric oxide may be the worst culprit in terms of damaging the forests, worse than sulphur dioxide.

There are no simple solutions, but those are options we will have to evaluate. We will also be evaluating new generating capacity, namely, hydraulic, nuclear and thermal plants. We are putting all those into the mix. We will also evaluate the availability of power from privately owned cogeneration and municipal solid waste installations. That is all part of our study.

It appears likely we will use a combination of options to give us the flexibility we need. We also recognize that the sources such as wind power and solar can play a role in some special applications in northern Ontario.

Mr. Haggerty: How about the east end of Lake Erie and all that wind down there?

Mr. Campbell: We are told the best place for wind is the shore of Hudson Bay. We are planning to install a wind plant at Fort Severn on the shore of Hudson Bay. The problem with solar and wind energy is that they still cost many times more than other forms of power. However, in isolated communities where we have to fly in fuel oil—and the price can be 10 times as much as our normal cost—solar and wind energy get to be very important.

We do a form of cogeneration there using our diesel plants. Attawapiskat is a case in point, where we are using the diesel electricity plant. We are using the waste heat from the diesel plant to heat the hospital. That is saving a lot of oil which would have to be flown in otherwise. It is saving on the costs as well.

Those are some of the things we are looking at and we have to find the best answer for our needs. The future wellbeing of Ontario's economy and our ability to create and provide jobs depend on it. We take that responsibility very seriously. To arrive at a consensus, we must seek out the views of the people here and the broader public as well.

As part of this process, we must ensure that the public is well informed so that rational decisions can be made. I am a great believer in that. That is why we welcome this kind of opportunity. You need an informed public to do that in a democracy, if you are going to make rational, informed decisions. The debates and discussions we have are all very valuable contributions to that.

The issues are very complicated. One of the most difficult problems is the desire on all our parts to come up with simple solutions to sometimes complex problems. Perhaps the most difficult thing to get is an understanding of the complexity of the problems, so we can have the best solutions and not just ones that seem simple.

We have received some input from members of the Legislature as we have gone through the select committee process. We anticipate we will receive more from that committee. We also expect that the members in this room will have some views, which will be welcome.

As well as having participation here, we are expecting significant contributions from individuals, communities and organizations across the province. We have already had a number of meetings across Ontario on some of these subjects. We have had five open forums in which we asked various groups and individuals to tell us their views on the direction we should be taking. We have had four other public meetings. I was at one last night in Hamilton. McMaster University hosted it for us. We are seeking specific views regarding the supply-demand study and our options.

We have asked for input regarding the ranking of criteria by which we could evaluate the various options we are looking at. We are planning about 19 additional public meetings over the next few months. Public concern for the protection of our environment is probably the most common concern we get.

We take this as a signal that our current efforts to minimize and avoid environmental damage must continue. They are costly, but we are committed to improving the existing process and ensuring that future sources of energy do not contribute to the problem of environmental pollution. One of the criteria we do have is that whatever we look at, it cannot be worse for the environment.

We are making significant progress in reducing our emissions of sulphur dioxide and nitrogen oxide. We are proud of reducing emission levels of these gases for 1985 by 20 per cent, which is 100,000 tonnes less than in 1984, even though in

1985 we set an all-time record for power production. That is a pretty good accomplishment.

We have been testing a new limestone injection process at our Lakeview plant. The Minister of Energy (Mr. Kerrio) was down there last week with the Minister of the Environment (Mr. Bradley) to inspect that, and the preliminary results look good. So far, we have been able to reduce sulphur dioxide emissions by up to 40 per cent, and the cost is much less than the wet scrubbing process. In fact, we figure we can get about 50 per cent more removal for dollar spent with that process, so it is looking positive.

Also, just last week, we signed an agreement with the Tennessee Valley Authority to do a joint research project on another form of lime injection, in this case a lime spray dryer process. They are going to do it and we are helping to fund it by putting \$1 million into that research.

Some of these processes are promising. The single most important contribution to reducing acid gas emissions right now is the replacement of coal by our new nuclear units coming into service over the next few years. That is what is going to allow us to bring down those levels dramatically. By far the most important of these is the Darlington station. Its completion will be necessary to help us to reduce acid emissions. That is a fact we have to put on the table.

Darlington is a key factor in our ability to meet those controls. We could not meet the new requirements if significant delays occurred in units 3 and 4 at Darlington. That is a new situation from when we were at the select committee. The new controls were not on us then.

Mr. Pierce: Did you say you could not?

Mr. Campbell: No, we could not. The new, more stringent controls have been put in place since that time. We could not meet those without Darlington units 3 and 4 being completed on schedule. If there is a serious delay, we would have trouble meeting those requirements. We will go into that in more detail later.

Darlington is key in another way. It will not only help us to meet our energy needs, but will produce long-term economic power. It is important that the option selected for meeting energy needs after Darlington also contribute to keeping Ontario's rates competitive.

We hear from the ministry every day that our competitive position, particularly as opposed to Quebec's, is critical. We are constantly being bombarded by letters from the ministry. Particularly sensitive are the ones from the mining and

pulp and paper industries in northern Ontario. Every time something comes out of Quebec, some incentive rate or a lower rate or whatever, they draw it to our attention and say what a cost advantage they would have doing business with Quebec.

That is something of which we have to be conscious. Quebec can beat us marginally on price. That is why we have to sharpen our pencils and keep our prices as low as possible. We are conscious of that.

Mr. Pierce: That is overall generation: thermal, coal-fired and oil-fired?

10:30 a.m.

Mr. Campbell: Yes. Basically, Quebec is all hydraulic. We have the lowest prices of any utility that has a mixture, but unfortunately we do not have enough hydraulic to have all ours hydraulic. Quebec and Manitoba are basically hydraulic systems so they can beat us on price; but our price is quite close to Quebec's, considering that we have to produce two thirds of our power from other sources, such as coal and nuclear.

Hon. Mr. Kerrio: Unless we keep that as a high priority, the competitive edge will be more in favour of Quebec as time goes on, when we have to contend with high-cost building to keep up our potential. We cannot do very much about that except try to hold those prices.

Mr. Campbell: I agree. We have to think about that all the time.

There are those who favour higher electricity rates and who want the province to dismantle the role the public utilities have had in promoting economic development in Ontario. I cannot understand this argument, but it is becoming more common.

Their view is to treat electricity as a vehicle for potential government tax revenue, rather than as an instrument of economic development. That would be a basic historic change in the history of Ontario because the public power movement was based on providing power at cost on an equal basis to everyone. That is the basic reason Ontario is now the industrial heart of Canada.

It is one of our big cost advantages. They are getting fewer and fewer as the world becomes more competitive. We cannot compete on climate. It is tougher to compete in many areas, but we can compete successfully in this one because we have low-cost power.

Some people at the Economic Council of Canada have been the chief proponents of that. They say we could charge more for power,

because power is cheaper here than in the United States or Japan. It is true, we could charge more, but if we raised our levels—and they are talking about raising our levels by 65 per cent—that would take away one of the few economic advantages Ontario has in economic growth and development.

Quite frankly, I think it would be—I am trying to be moderate here—ill-advised; yet people are seriously making that claim. It is a very serious matter. The Legislature should be very concerned about any move to start taxing electricity in that way.

It would be an important economic change and it would make the free trade issue pale in comparison, if you look at the impact on our industry. Ask any industry in any riding in Ontario what would happen if its electricity rates were raised to the levels the Economic Council is advocating. Other groups with other agendas are advocating that as well.

Mr. Chairman: Why are they advocating that?

Mr. Campbell: The argument is that because our rates are lower than rates in other places that is a sign our power is underpriced and we could charge more for it. If it was taxed we could use the money for social programs and other things. My response is that this argument is misguided. What we would be doing is closing industry after industry, putting all those people out of work. Presumably with the additional tax revenue we would get from the few people who survive we would be trying to create jobs for people. It is a nonsensical argument.

Hon. Mr. Kerrio: It would be quite selective also. In industry, particularly in Niagara, those heavy power consumers came to that area before there were equitable power rates across the province. We would be putting an undue burden on a selective few industries that have electrical power as a major component of their manufacturing base—the abrasive industries, furnacing industries and those people.

Mr. Campbell: The mining industries tell me prices have been dropping in the last few years and some would close down and go out of business if they had to absorb major cost increases like that.

When that argument came from the Economic Council of Canada I dismissed it at first as another piece of academic claptrap. However, it is being picked up, reported and repeated by others. What I am getting worried about is somebody might decide it is another source of revenue. This country has big debts. I have been

talking to ministers of the government and have made my concerns known to the Treasurer (Mr. Nixon). I hope he will make it clear to his counterparts in other provinces and in the federal government that it would be a serious problem if this were seen as a source of additional tax revenue.

Mr. D. W. Smith: Along those lines, I read in the paper yesterday that Union Gas is talking of dropping its gas rates by 12 to 20 per cent. What effect would that have on Ontario Hydro's consumption if Hydro is talking of raising its rates by 65 per cent?

Mr. Campbell: We are not talking about it.

Mr. D. W. Smith: No, but somebody is. That is all I am saying.

Mr. Campbell: I differ with the gas companies on this issue. The gas companies are one of the groups that has obviously picked up this argument. It is a pretty neat argument and they have been using it. Some of the groups funded by the gas companies are using this argument as well.

The gas companies have traditionally argued that we should have higher hydro rates. I can understand their point of view, but they are being shortsighted. If I took their attitude, then I would argue for higher gas rates, tit for tat. I do not. I think we should have lower gas prices; so I welcome the fact that Union Gas wants to lower its rates by 10 or 20 per cent. It is for this reason.

In my view, the competition between the two fuels is minor. It is not a serious matter. To me, they are mutually supportive. If we have lower energy costs, whether it is gas, oil or electricity, it stimulates the economy. It creates more jobs and more people are working. Lower gas prices would mean we would end up selling more electricity. They are not going to hurt electricity sales.

I would use the same argument with the gas companies. I would say, "You are very shortsighted in saying electricity prices should be greatly increased by putting heavy taxes on electricity. If you did that, you might sell a few more gas furnaces, but so what?"

If you look strictly at price, gas will beat electricity. The only reason somebody would install electricity is for the total benefit. If you want air conditioning and heating and put in a heat pump or whatever, that is a very efficient use of energy. In fact, a heat pump is one of the most efficient uses. You get more energy out of a heat pump than you put into it. It is the closest thing you can get to a perpetual motion machine. It works pretty well; it is a specialized application.

If you are just looking at price, gas companies can beat us. They are shortsighted in advocating higher electricity prices. If electricity prices did go up—not even by 65 per cent, but by 25 per cent—that would so devastate our industries, employment and everything else in our whole economy that they would end up selling less gas, not more. That is why they are being shortsighted when they advocate that position.

Hon. Mr. Kerrio: There would be many scenarios in the industry where the gas consumption and electricity consumption would be nearly equal.

Mr. Campbell: That is right; they are mutually supportive. The chemical industry uses gas, but it also uses electricity. We have a historical example of that. When the Arab oil embargo was on and prices of energy shot through the roof, that ended up in damaging everybody's sales. We ended up selling less oil, less gas and less electricity because the whole economy went sideways. All sorts of industry shut down and people were out of work. It was not good for anybody. Those are things we have to be concerned about. Anyway, I have spent long enough on that.

10:40 a.m.

Mr. McGuigan: I have a problem. Mr. McKeough and Mr. Bellringer are valued constituents of mine.

Mr. Campbell: I want to finish by saying that a large number of industries, such as pulp and paper, steel, mining, industrial chemicals, abrasives and the food and beverage industry, are heavy users of electricity and very vulnerable to price escalations. Massive increases would seriously jeopardize their ability to remain competitive.

With the loss of competitiveness would come the loss of jobs. There are hundreds of thousands of jobs in those industries. Many of them are competing more and more for international markets. They do not sell nickel in Canada, or very little of it. Most of it is exported, as are our other minerals and pulp and paper. Therefore, electricity's role in helping our industries compete goes beyond today's markets.

Over the longer term, many industries will turn to new electrical processes to become more productive and more competitive. For example, last year the pulp and paper industry was having a tough time competing. We have a new process called thermal mechanical pulping. Remember those words. TMP is probably the key to the

long-term survival of our pulp and paper industry.

First, it uses electricity rather than chemicals to make the pulp, to grind up the wood. It uses huge electrical motors and heat to do that. It produces a superior paper product, which is more competitive. It gets up to nine per cent more fibre out of a given amount of wood. It allows the industry to use waste species of wood—up to 20 per cent of poplar and species that are now waste.

There was a big fire in Chapleau last summer. They were burning waste species so jack pine and spruce could seed down again. This allows the industry to use poplar as well as trees killed by the spruce budworm up to two years after they had been killed. That is very important. As you know, that is a very serious concern to jobs in the north.

Mr. Ramsay: We will have to spray them.

Hon. Mr. Kerrio: Hold that.

Mr. Chairman: No more spraying.

Mr. Campbell: By my calculations, if you can use species such as this, the net effect is to increase your wood supply for pulp and paper plants by maybe 20 per cent or more. The only thing it damages is the chemical industry, unfortunately, because chemicals are not being used. However, chemicals in pulp and paper mills also cause most of the pollution; so this process is very good for the environment.

TMP is energy-intensive, but it uses up to six per cent less energy in total. It seems to me that is a pretty good deal. I have been told by people in the industry that if our industries do not convert to that process they will not be able to continue to compete.

Quebec now has incentive programs to get its industries to convert to this process. We have to consider whether we should get into these things, in co-operation with the government. I mentioned some of the incentive areas. It is a more efficient use of energy. If our workers need this kind of technology to do the job, get it done and protect our industries, then we have to support them in that.

Even if it uses more electricity, it uses less chemicals, oil and other forms of fuel. In total, it is less energy, but more electricity. However, if that is the kind of application needed to do the job, then I think we have to provide the power for it. Ontario Hydro was formed in the first place to give our industries the power they needed so they could compete here rather than move to the United States.

Mr. Ramsay: Would this give you the incentive to develop some of the small hydraulic sites in northern Ontario?

Mr. Campbell: Yes, we are very interested in that. We will be talking about that in a minute.

Mr. Pierce: I have a question on TMP. Are there any mills in Ontario currently studying TMP or are they involved at all in it?

Mr. Campbell: Yes. We have been talking to a couple. The problem is that it requires a high capital cost to convert. Some of them are looking at it. What it may require is some co-operation with Hydro and the government to get them into it. Quebec is already providing incentives.

Hon. Mr. Kerrio: Do you have any idea of how many are actually manufacturing in that fashion in Ontario now?

Mr. Campbell: I cannot give you that number, but I can get it for you.

Hon. Mr. Kerrio: Ontario Paper?

Mr. Pierce: Industries that are using the thermal mechanical pulping?

Mr. Campbell: We were in discussions with one or two plants, but I am not sure we are at liberty to divulge their names. One application is operating now and some others are talking to us.

Hon. Mr. Kerrio: The Thorold mill?

Mr. Campbell: Yes.

Hon. Mr. Kerrio: The Thorold mill has a recycling mill, so it is going in two directions important to that whole industry. As you say, the end product is excellent.

Mr. Pierce: When you say "high capital," what kind of high capital are you talking about? How high is the capital? Are you in the hundreds of millions?

Mr. Campbell: Mr. Allan is here too. He is knowledgeable about it.

Mr. Pierce: Mr. Chairman, maybe you would like to wait.

Mr. Chairman: I would like to intervene here because members have been asked to ask questions of Mr. Campbell. We are trying to set up a sequence here, but it is not fair if people jump in. Why do we not let Mr. Campbell finish his remarks? Then we can go to a normal sequence of members.

Mr. Campbell: I will just take a minute to finish up. Perhaps we can get into questions then.

To summarize, we are advocating conservation, but that is not inconsistent with advocating more effective use of electricity, such as we are talking about here. They are compatible. We are saying this is a valuable resource and we should not waste it. We should conserve it as much as we can so we will have it to give our industries and

our workers the tools they need to do the job. Those things are consistent. Sometimes it might appear inconsistent to advocate conservation at the same time as we promote these new technologies, but we have to do that to compete in the world. That is the direction we are looking in. If we use it wisely, we will have it around in reliable supply if we need it to get the job done.

Those are my opening remarks. I would be happy to have questions.

Mr. Chairman: A large number of members indicated they wished to do so and if the chairman does not jump in now he will not get a chance. First, could you quickly tell me whether a natural gas fuel cell is being developed and to what extent that would have an impact on energy consumption or hydro consumption?

Mr. Horton: There is such a thing as a natural gas fuel cell. It is being developed in one place by BC Hydro. We have a partnership in that development. The most satisfactory fuel cells to date are very small, a few kilowatts, although attempts have been made to develop fuel cells in the low numbers of megawatts, but those have been less successful. They could be used in places where we might now use combustion turbines for emergency power supplies.

They would probably not make a significant impact on energy supply in the next 10 or 20 years, but it is an interesting development for particular applications.

Mr. Campbell: A reverse of that application is the idea of having electric compressors that could compress natural gas into a liquid fuel. That is a combination. I mentioned compatibility between electricity and gas. There you would be using electricity off-peak because ultimately you could have a compressor in your garage hooked up with gasoline. It could work at night when there is a surplus of low-cost electricity. Compress the gas and it could be used as electric fuel. That is down the road.

Mr. Chairman: You could use it in your car?
10:50 a.m.

Mr. Campbell: You could use it in your car as a fuel. For example, if we ran short of gasoline and had lots of natural gas, that would be a logical marriage of electricity and gas to provide transportation fuels. It could be important in the future. The economics of it are not there right now, but who knows when the next oil embargo is going to hit or when prices will go through the roof.

Mr. Niitenberg: We are doing some tests in that regard with some of our fleet, in co-operation with the gas company.

Mr. Haggerty: First, I want to compliment the chairman of Hydro for the new policies he is setting for Ontario to follow. Some of the credit can go to the select committee on Ontario Hydro affairs. Finally, after some 10 years, the message is getting through. I was interested in your comments this morning about conservation programs and the benefits that are down the road. You can almost shut Darlington down at 7,000 megawatts.

You are talking about the security of the system. That is the area I want to talk about. Maybe I will ask Hydro a question. The chairman may want to rule me out of order, I do not know.

I am concerned about the security of Hydro, particularly as we are advancing and building more plants here in Ontario and in Quebec and other places. You have to question the security we do have with the threat of terrorism in the world today. It is an area we cannot ignore forever. The area I am coming to, and my colleague the member for Rainy River (Mr. Pierce) touched on it last night, is the issue of disposal of spent fuels in a safe place.

These nuclear plants throughout the world are vulnerable to terrorism. I do not know what steps Ontario Hydro has taken recently. Some of the people of a certain country are passing through Canada and going into the United States. They have indicated threats they would carry out. No one is safe under that regime. I am talking about Libya and what is going on in that country today. I am concerned about the unspent fuels that are sitting around in an open area. The time has come to take a serious look at the matter of the spent fuels that are sitting around nuclear plants.

You talk about the jobs and economics. Would this not be a top priority for Atomic Energy of Canada Ltd. and Ontario Hydro now; to get on with finding some secure place to store these radioactive wastes? Have you tightened up security? You can answer with a yes or no.

Mr. Campbell: The answer is yes. In fact, the Atomic Energy Control Board has very rigid requirements and they have been increased. Quite a bit of the added cost of our nuclear plants is the result of increased security. We have spent tens of millions of dollars on additional security systems because of the kind of thing you talk about.

No one could get in there and do anything with that spent fuel because you need machinery to move it. They could not go in and steal it.

Mr. Haggerty: Everybody thinks that. However, it does not take much to move into an area. We have had occasions around Pickering where

they have been inside your security fence. I think about the Second World War where even the Welland Canal was secured with barricades and patrols.

You are not too far from the American side there. The terrorists could move in and out so fast with the equipment they have today you would not even know they were there. I just wanted to make sure there was tighter security at these plants.

Mr. Campbell: We are spending tens of millions on it right now. We are reluctant to discuss too much of what we are doing. However, we work with the police, the Royal Canadian Mounted Police and so forth. We do various tests. We think it is pretty secure, but the way the world is going we will probably have to spend even more on this in the future. It is unfortunate.

For example, I was thinking the other day of the added billions of dollars it must cost for security at every airport around the world, as a result of a few crazies that have held us to ransom. Unfortunately, that is the way the world is going.

Mr. South: I would like to reiterate what my friend the member for Erie (Mr. Haggerty) said. There is a refreshing new emphasis in the thrust regarding conservation. Most of us support it and find it very interesting.

You indicated there was the possibility of conserving an additional 3,000 megawatts within the next 15 years. What would be the estimated cost of that per kilowatt?

Mr. Campbell: We are estimating we can get 3,000 megawatts at a relatively low cost. The incentive is there for people to insulate their homes better and for industries to install more new equipment. There are now motors that are much more efficient than existing motors. Industry has replaced equipment and gone to more efficient equipment.

We have refrigerators now, for example, that use about a third of the power of the old ones. We have been instrumental in encouraging manufacturers to get more competitive in this energuide program. We think we can get that relatively economically.

The next 1,000 to 4,000 megawatts I mentioned would be high cost. We would have to go in and say to an industry, "Okay, we will give you an incentive to install new motors, for example, that are going to be more efficient." That might still be a logical step to take if it is cheaper than building a new plant; that is what our supply-demand study is looking at.

Mr. South: Darlington is now estimated at seven cents per kilowatt hour. Can we relate these conservation costs to that?

Mr. Campbell: Yes. We have some information charts and so forth which we can show you. We estimate the cost of conservation covers the range. Some of it would be less expensive than at the new plant and some of it would be more expensive. There is a range of costs.

We are doing some experiments with conservation right now. We have some pilot projects in which we are providing some low cost loans for industries to convert.

We have an interesting experiment with consumers right now. We have 500 consumers in 30 different utilities hooked up to two meters. They get a special deal. These are people who have volunteered to be part of a study. They get a lower rate if they use power off the peak times. It is very encouraging so far. We find that 70 per cent of the people have said they really like the ability to make that choice.

It is interesting. They still like the idea of having that option even though some were not necessarily taking advantage of the lower cost.

Some of our colleagues in the municipal utilities were somewhat reluctant to get into that. Their view was, "There are a lot of extra costs in installing these fancy meters and so forth. In theory, you could save some money; however, you are not going to save enough to make that worth while." They were somewhat reluctant to get into it. I think they are quite impressed with the results that are coming from that. That is going to continue. We hope we will be able to put something in place.

The other interesting thing helping us is the technology that is coming along. The cost of fancy new meters is coming down. Presumably, you could get meters that you would build right in. That would make it easier for the local utilities to convert to this kind of system. Those are time-of-use rates which are promising.

I am not going to mention seasonal rates here, because I might get shot at by northern members.

11 a.m.

Mr. Chairman: This is true.

Hon. Mr. Kerrio: We have always made special concessions.

Mr. Campbell: Since I have mentioned it, I should say the concept was originally introduced as a conservation measure. The idea was that winter is the time of highest use and if you could shift some use away from winter, or even cut it down, it would be better for everybody. But it

was very quickly seen as something that was going to punish the north because the climate is colder, so northern members got quite exercised about that.

Mr. Pierce: They got the impression from Hydro that they were going to be punished. I am sure that was not the approach Hydro wanted.

Mr. Campbell: No, it was not.

Mr. Pierce: But it certainly came across that way.

Mr. Campbell: It came across that way. The local utilities, which are our retailers, requested that we put another two-year moratorium on those concepts before we started to implement them. We have to do some more work in that area to get a better understanding.

We still think making seasonal rates optional would be attractive. In other words, a utility would not have to opt into that unless they saw it as an advantage. That might take away the threat, and then people could judge it on its merits to see if it was a good idea.

Mr. Ramsay: What are you substituting? What usages could there be?

Mr. Campbell: Well, for example, if you had seasonal rates that were lower, and that would probably apply mostly to industry, if you were in the lumber business and you had a big drying operation, if you shifted that away from peak times in the winter and did it instead in the spring and the fall when loads are down, we could give you a better rate. It might be good for you, Ontario Hydro and our customers. That is an example of the kind of thing we might do.

Mr. Ramsay: So it would probably be more of an industrial application.

Mr. Campbell: Probably more of an industrial application.

Mr. Haggerty: Just a quick supplementary about time-of-use.

There has been a study funded by the Ministry of Energy and the federal Department of Energy, Mines and Resources on a project that was been carried out in the city of Port Colborne with Port Colborne Hydro on time-of-use. I understand they are working on a new type of meter. What success has there been in that particular area?

Mr. Campbell: Does anybody know about Port Colborne? I do not have that information, but we can get it for you, Mr. Haggerty. That was a federal study that we—

Mr. Haggerty: The province shared in it, I believe.

Mr. Allan: We have an answer.

Mr. Campbell: Apparently that was the Ministry of Energy. Dr. Higgin is here from the Ministry of Energy.

Dr. Higgin: The company in question is called E. D. Metering. They received assistance from the Ministry of Energy to develop this new time-of-use meter. Ontario Hydro co-operated in the program in both the design and testing phases.

That has now been completed successfully and E. D. Metering is starting to market it. They are receiving a lot of interest in this meter from utilities across Canada and in other parts of the world. I have no current figures about how many units they have sold, but I understand their marketing program is going quite well and they have received a great deal of interest in the product. We can find out exactly how their marketing program is going.

Mr. Haggerty: There were about a dozen homes on a trial basis. Apparently it has been successful.

Dr. Higgin: Yes. In the view of Ontario Hydro, it was a successful experiment. The meters work well. They produced information which could be used by utilities that had time-of-use rates. The manufacturing cost seems to be at a reasonable level. As a substitute for existing types of meters in new installations the costs were not that much higher. As a result, they have now started their marketing program. We can find out exactly how they are doing in terms of that.

Mr. Haggerty: It is now a question of what type of pricing they can get from Ontario Hydro and pass on to the consumer.

Mr. Campbell: If we get into a broad application of time-of-use rates in two years' time, after the experiment with the 500 I am talking about, we are going to need this kind of meter. It would have to go through a lot of approval processes. A lot of people always get concerned when you go to change your structure. We need to have a consultation process, with our customers and with the utilities. I am sure the Ontario Energy Board would want to review it. The Legislature would want to take a look at it as well, because it would have some impact on some customers.

There is a lot of misunderstanding about time-of-use rates. For example, in the area of water heaters, we are sometimes criticized for promoting their use. This is probably the only example, in domestic consumption, where you

have time-of-use rates. That is what it is. You get a lower flat rate for your water heater. The local utility can turn it off with an electrical signal during peak times. The local municipalities really like that, because it allows them to balance their loads. They can turn the heaters on when they have low loads and they can turn them off during peak periods, such as the dinner hour. It saves them a lot of money.

Mr. Charlton: Hard on the dishes, though.

Mr. Campbell: Well, the tanks are large. There is a reserve capacity there. The homeowners are not usually aware of it. Turning it off for even 20 minutes during the peak period will make a big difference in the total cost to the municipality for that electricity.

One of the problems is that water heater usage is going down—from electric water heaters to gas. A lot of people are installing gas water heaters because they put them in at the same time they put in a gas furnace. Our municipal utilities are worried they are losing the water heater load. That is one of the ways they use this time-of-use technique. If they lost that completely it would be bad for all their customers.

That is one of the reasons our advertising program is really fighting a rear guard action. Our percentage of the market is declining. The advertising is trying to help the local utilities hold their own so they will have the capacity to turn them on and off.

That is why it is hard to explain sometimes. However, it is a little more complicated than it sounds. Even with our advertising, the use of electric water heaters is declining. Gas is being very aggressive in marketing gas heaters.

Mr. Pierce: Just a supplementary. The gas companies are getting into the water heating business and, in Ontario, the local municipalities are getting out of the water heating business. One is working against the other.

In our own local utilities, they do not provide or service water heaters any longer. The gas company will provide the gas heater at a very cheap rate and service it. It is an essential service.

Mr. Campbell: It is probably the case that a utility does not have much incentive to provide water heaters if it is not shutting them off in peak periods. The utilities that want to keep them are like the one in Etobicoke, where I live. That is a very important part of its whole system of operation. They want to keep the water heaters in Etobicoke.

It is fair to say that the larger utilities are into the management of demand through that system. They can use an electric signal that goes through

the wire that also carries electricity. They use a high frequency electrical signal that throws a switch in the water heater and turns it on and off. It is very helpful to them.

Mr. McGuigan: Are water heaters equipped that way?

11:10 a.m.

Mr. Campbell: If you get one from Etobicoke Hydro—most homeowners are not aware of it—it installs that system when it is installing the water heater. Part of your agreement is that you get a lower cost for the electricity from that water heater. It is, in effect, a time-of-use rate. You are going to get a lower rate because they have the privilege of shutting it off at the peak times.

Mr. Nütenberg: We provide the water heaters on a rental basis on our own retail system, and we have been quite successful in obtaining new electrical water heaters, both in new construction in that market and in some of the conversions that have taken place. In the future, that component will be very important for additional load management.

Mr. Gordon: Mr. Campbell, I heard you say this morning that in order to meet the new acid gas emissions the completion of Darlington would be very important. I wonder if you would expand on that.

Mr. Campbell: We made quite a detailed presentation to the select committee on energy along the lines of how this was needed not only for environmental emissions, but also for demand.

Where a misunderstanding may have occurred on the part of some members of the public is that they assume the supply-demand study I am talking about would look at new options that could be substituted for Darlington. That is not the case. Our supply-demand study is looking at the options after Darlington.

The assumption is that Darlington will come on stream in 1992 or 1993. That gives us power to that time. When all the units of Darlington are on stream, our emissions will be at an all-time low, at least in recent history.

Mr. Chairman: In absolute numbers.

Mr. Campbell: Absolute numbers will be at an all-time low. Then they will start to climb again, depending on how much people continue to increase their use of power, because we would have to start bringing our coal-fired plants back on stream again. What we are trying to look at are the options in bringing coal-fired plants back on stream. If you did that, you would have to install some kind of scrubbers. That is our assumption.

Our present strategy is to shut them down and not burn the coal. That is best, because if you do not burn coal, you have a 100 per cent reduction in emissions. That is the most effective way and probably the best way you can have coal plants. Coal plants are the cheapest to build and the most environmentally damaging. However, we also need a reserve. The ideal in our system is to have power produced by water and uranium, because they have the lowest emissions, and to have the coal as a reserve.

That is exactly what our plan would be with Darlington. For example, when it is completed—I mentioned we have already mothballed the Hearn plant in Toronto—and when the Darlington plant is completed, we shall be able to scale down the Lakeview plant. We shall keep that manned, but in effect it will be shut down in the summer months. We will not need it at all. It will only be brought on stream in the coldest parts of winter.

We estimate the Lakeview plant can produce more power than our side of Niagara Falls. That is the size of it; it is a very major plant. By the time Darlington is on stream, however, Lakeview will be 30 years old. It is getting old. The ideal use for that plant—it has already paid for itself, has been amortized and so forth—is to have it in reserve and only bring it on perhaps 10 per cent of the time. That means 90 per cent of the emissions are eliminated, which is the most effective way.

The real choice facing the government, the Legislature, Ontario Hydro and everybody is what to do after Darlington. We shall then be faced with a kind of ideal situation, with very low use of coal. Our total coal use may be only 10 per cent—it is now closer to 30 per cent—but the use of electricity is going to continue to climb. If we continue to rely on coal and we have to bring those plants back on, then we get into the high cost of emissions.

You heard that the previous control order was going to cost us \$4 billion by the end of the century to install scrubbers. Our present assumption is that the new one would add another \$1 billion to that. The net cost of that is \$4 billion on the old control order, \$5 billion on the new. We hope we can find other and better ways to go, but that is the kind of a base case we make. If you relied on our present system of coal-fired plants, that would be the cost.

We are hoping through this supply-demand study to find more economical ways. That is one of the reasons we are doing experiments with scrubbing. We hope to find more efficient ways, if we have to go the scrubber route, to do that. We

hope through conservation, cogeneration and other things that we can avoid burning coal and putting scrubbers on. My instincts are that we shall probably have to do a mixture of those things. We will not get any simple answer. All that is premised on the fact that Darlington will be on stream and producing power.

Mr. Gordon: Obviously, you will have had discussions with the Ministry of Energy and the Ministry of the Environment as to the ramifications of the acid gas emission controls, and what they would mean as far as a nuclear future is concerned.

Mr. Campbell: Our discussions with the Ministry of the Environment have been mostly centred around the control order after Darlington. Of course, after Darlington nuclear is one of the options we would look at. However, we are a long way from making that decision now. We could go for coal, we could go for nuclear or we could go for a combination of the whole lot.

Mr. Gordon: I have one question on the rivers in northern Ontario and their resourcefulness when it comes to the development of future hydroelectricity for the south. What is Ontario Hydro's opinion on that matter?

Mr. Campbell: We are very much in favour of hydraulic development. After all, that is our history. Our reputation was built on hydraulic development. There is some misunderstanding on the issue, in that Hydro put out a report a few years ago saying that in theory there were 13,000 or 14,000 megawatts of power available from hydraulic sites in the north. It is perhaps unfortunate in retrospect that some people assumed that we could do it, that it was a complete option.

The problem was that we should have had another report asking where the practical sites are. Most of those sites are on the large northern rivers: the Severn River that goes into Hudson Bay, the Albany River and the Attawapiskat River. If you fly over northern Ontario, it is almost like the Prairies. That is the impression you get. It is not like Quebec or Manitoba which are still part of the Laurentian Shield and which have a steep drop into James Bay, Hudson Bay and so forth.

For that part of northern Ontario, the Report of the Royal Commission on the Northern Environment had some very good maps which showed it very clearly. I think they did a good job. I like maps, and they produced excellent ones in that report, showing how flat it is up north. Also, you have things like permafrost along the coast of

Hudson Bay. Some of the permafrost goes down as deep as 200 feet.

Because of the terrain there, I do not expect we shall see developments in our lifetime, if ever, on those rivers. You would literally have to flood hundreds of square miles, and you would be building structures on muskeg and permafrost, and it is impractical; unlike Quebec, where they have rock. Besides, it would be like declaring war on the native population. We would have to tell them we were going to flood all that land. I do not think it is practical, yet most of our hydraulic potential is of that kind.

11:20 a.m.

If you look at what we could do, one of the most practical things would be to redevelop the Niagara Falls power plant at the foot of the falls. It is one of our older plants, located where you look over the Canadian side and see the tower roof. It is nearly 70 years old and at the end of its useful life.

We have been talking to the Minister of Energy about it, and we have approval to plan a new plant. This would mean a new tunnel under Niagara Falls and a new plant 15 kilometres down the river at the site of our Sir Adam Beck I and II plants.

That will do two things. From that water source, we would be able to get twice as much energy as we do now, so it would be better for everybody. Also, it would allow us to improve the site environmentally. We would never be allowed to build a site there today, and rightly so. We do not have to look at it, but it spoils the American view of the Falls area.

Hon. Mr. Kerrio: Do you think we could take a hard look at that in an election year?

Mr. Campbell: This plan would enable us to restore the site to its natural state, except that I fully expect somebody is going to come forward to say it is an historic site and we should not touch it.

Hon. Mr. Kerrio: We have been through that one already.

Mr. Campbell: That is a discussion we will have in the future. But it is probably the most economical hydraulic site we have, or one of the most economical. We have a couple of others on the Little Jackfish River and the Mattagami River. Those are closer and we are going to do them.

We have a list of 16 or 17 other sites, but they tend to be relatively small, so the practical amount of hydraulic power we could produce in this century is probably close to 1,500 mega-

watts. This is only one tenth the theoretical capacity we could achieve. If we really pushed, went all out, we might have 2,000 to 3,000 megawatts maximum, but that would be pushing it very strongly.

That is the problem we have. Sometimes critics say if Ontario had just developed the 13,000 megawatts available in the north, all our problems would be solved and we would not have to build any of these other plants. It is not as simple as that. That is the point I am trying to make.

Mr. Niitenberg: I would like to add one more point to the chairman's remarks. The large figure that is referred to was really an operating figure in terms of what the hydraulic potential was. It included 4,000 megawatts of pump storage, which is an energy consumer over the longer time period, but would give us 4,000 megawatts of operating hydraulic power for short time periods, if and when it was built. This was also included in the large numbers. The report finally ended up by identifying 20 potential generation sites. Sometimes the pump storage concept gets mixed up in hydraulic generation.

Mr. Campbell: Pump storage does not give you any more power; in fact, you have to put power into it to get it back out. It is like a storage bank.

Mr. Gordon: One more question, and that is all I have at this moment. Has there been any discussion recently with regard to the contracts that relate to Elliot Lake?

Mr. Campbell: Yes. I have to be careful of what I say because we are in negotiation with one of the two mining companies there. We have contracts with Denison and Rio Algom which both have cancellations clauses, and it is public knowledge that Rio Algom's is open for cancellation right now.

One of the things we could do is cancel that contract. We can buy cheaper uranium from Saskatchewan. We believe we have other obligations, however, including social. We are told that some 20,000 people who are not directly employed in those mines still depend on that industry, so we feel we have an obligation to them. Not only Hydro, but also the government would have to factor in the cost of welfare, disruption and that kind of thing.

I cannot go too far, except to tell you we are in negotiation with Rio Algom, which is open for cancellation. We are hoping to scale down the volume of the contract to match our supply with our need. Four years down the road, the Denison contract comes open. We have already written to

them and said we want to start talking now, even though it is not open for four years, because it takes a while to do this.

We hope to come up with something acceptable to the public, the government and the Legislature. In due course we will be presenting our proposals to the government, and I am sure they will be aired. Everybody faces the fact that we have got to find some way of scaling down the deliveries there, because those mines were built when we were predicting we were going to need about seven additional nuclear plants after Darlington. That is the way the growth was going.

It is easy to have 20:20 hindsight, but people would have been irresponsible at the time if they had not provided for the growth they were seeing. That was before the Arab oil embargoes knocked the whole world economy sideways, and growth rates tumbled everywhere in the world.

We hope we can find a solution to keep that community and those operations viable. Now we will probably end up having to pay something more, some premium for getting that source in Ontario. That is where the tradeoff will have to be made. What higher price should our customers be expected to pay to keep people working in Ontario?

We also have to be concerned about security of supply. If we shut down all our mines, we could buy it cheaper from Saskatchewan—and that looks to be the case right now, because it is a simple question of the economics of the ore. There are spots in Saskatchewan where the ore is a hundred times richer than it is in Elliot Lake. We are grinding ore at approximately two pounds per tonne. They have open pit mines in Saskatchewan where they are digging it out at 200 pounds per tonne, where it is so concentrated the workers have to wear protective clothing to mine the stuff.

We could buy from them, but let us stick to the economics. What would happen if Saskatchewan cut us off at some point? That happened in British Columbia, for example. They passed a law saying they were not going to mine uranium any more. You have to be concerned about security of supply and you have to be concerned about the social implications of your actions on the community, the workers and the people.

That is a sensitive issue. We hope to deal with it in a responsible way. We will have to bring back whatever solution we come up with to the government and get it approved.

Mr. Gordon: Obviously, that would have an impact on Elliot Lake.

Mr. Campbell: Yes. The Elliot Lake people were down and made a presentation to the select committee on Darlington. They were concerned about that.

Mr. Chairman: Thank you, Mr. Gordon. I know it has taken great self-control to stay out of this debate. Mr. Pierce?

Mr. Pierce: I have a couple of specific questions, some more of a provincial matter. First, we witnessed a fire after the completion of the Atikokan generating station and the turnover from construction to operations. We have talked about security within the system from external forces, but I am concerned about the system's internal security.

11:30 a.m.

During the plant construction a concerted effort was made to ensure that safety was one of the main factors in the process. Fire was one of the main things watched for, but once it was turned over to operations, we had a fire. Nobody has said publicly what the cost of the fire was, the reason for it or whether there was more concern about saving money on personnel and protection than there was about the security of the system. Are there some answers to that kind of thing?

Mr. Campbell: We are concerned about the same questions and we are having an investigation into the cause of the fire. We will be reporting our findings. The Ontario Energy Board will want to know the cost implications. We hope we will get the plant back in about a month. That is our plan.

The fire was in the conveyor system, and the information I have is that when equipment is new, the bearings are often not worked in. It may have been an overheated bearing. We have not had a report, but we are investigating it. I agree with you that we should be concerned about it because reliability is a very important part of our operation.

Mr. Pierce: I asked the question for two reasons. We in the Atikokan area are very concerned that the plant is state-of-the-art and that we can proudly say it is there for a good reason and is functional. We do not want to see the thing burn to the ground any more than Hydro does.

It may require an additional four-man team or better security system, particularly as it is a peak-use plant. For many hours every day there are few people on the site—

Mr. Campbell: Mr. Niitenberg is responsible for operations.

Mr. Niitenberg: I would like to correct the misconception that safety and firefighting are not concerns in terms of operations. They are very important because the potential for fire is present in all our plants. When the plant is designed it has a very sophisticated firefighting system.

It should be kept in mind that when the fire broke out in the conveyor system, the firefighting system operated and the fire damage was minimal. Most of the damage came from the firefighting system and the spray. In your town's climate, it froze into one solid block. We had more problems with ice damage than we had with fire damage. That will obviously have to be reviewed in terms of how the system and design can be improved.

Mr. Campbell: This is a good example showing that when we deal with mechanical systems, particularly large-scale mechanical systems, we have to factor in breakdowns. That is the nature of the beast. We have been questioned as to why we need a 25 per cent reserve. The reason is that by definition our problems always occur at the worst possible time.

For example, two weeks ago we had a lot of breakdowns in different plants around Ontario. The weather was very cold and the plants had been working flat out for a long time. We turned to Quebec but the plants there were having trouble and could not sell us any power. They cut us off, just at the time we needed it most.

Niagara Mohawk, which is our connection across Niagara Falls, was short of power, so we ended up buying oil-fired power from the state of Michigan, which was very expensive, but it was better than having the lights go out. We bought that power. In fact, we bought power on behalf of Niagara Mohawk. We have these mutual support agreements and we imported power from Michigan to keep our own lights on and exported it to Niagara Mohawk to keep them going.

Sometimes we are criticized for exporting power, but it works two ways. We are a net exporter of power, but it is very useful to have those transmission lines and connections because when we need it, we can import power. The same thing happened during the strike. The reason we could keep our lights on during the strike—and this is a very important matter for public safety in this province—was because we imported power from the United States. It was expensive, and we lost a lot of money in that operation, but we were able to keep our system going.

At any given time, we estimate our plants would be down 20 to 30 per cent of the time, and our reliability record is as good as any utility in the world. In fact, our nuclear plants lead the world. We are not ashamed of that. It is just the nature of the operation. You get a lot of breakdowns in big mechanical plants. We probably get more in coal plants than anywhere else.

Hon. Mr. Kerrio: Another factor is the inability, because of some transmission lines that we need in the system, to interconnect. We are definitely at a disadvantage in some areas.

Mr. Campbell: Yes. For example, we could import a lot more from Manitoba if we had lines across there.

Mr. Niitenberg: I would like to make a couple of comments on the chairman's remarks. On that difficult day, Quebec, in addition to not being able to supply us more, had to recall power. The Quebec support dropped to zero. They rightly stated that their primary responsibility was to supply Quebec customers. Manitoba fought a valiant battle and was able to push 100 megawatts to us. We were more than 1,200 short going into that day.

In addition, the system has six bottlenecks. If we lose a Lambton unit in Sarnia, a Pickering unit cannot replace that power on high-low conditions. We cannot push the power past the bottleneck at London till the transmission situation gets locked up.

During summer it is an economic problem. We will not be able to operate the system in the most economical manner. In the winter it is a genuine problem of finding the megawatts available. This was important; it had to come from Michigan and we were fortunate they had that amount of oil-fired capacity available.

Today, for instance, we are looking at a potential peak load of 20,400 megawatts. Including the two Pickering ones we are retubing, we have six of 35 units out today. We have less than 20 per cent of our units out, and that includes the long-term Pickering 1 and 2. We are looking at a needed operating reserve of some 1,440 megawatts. We expect to have that within a few megawatts. The present expectations are that in four hours we could expect zero support, except in a dire emergency.

We are going into it fairly tightly. By tomorrow we hope to have one of the units that is down returned. Again, the situation changes from time to time. Transmission has been a serious limitation.

Mr. Pierce: Last evening I asked some questions on Ontario Hydro's involvement with Atomic Energy of Canada Ltd. in the research for safe storage of nuclear waste. Because the federal government has cut back by \$100 million on the nuclear research program, the specific question I asked was whether Ontario Hydro was involved in financially assisting the research group of AECL in looking at safe storage?

Mr. Campbell: Yes. Who is going to deal with that? Sam Horton.

Hon. Mr. Kerrio: Mr. Horton, maybe you will let me ask that question. Has any cutback impacted at all on the research for the resolution of the spent fuel? That is where you are coming from, is it not?

Mr. Horton: The program for handling spent fuel was originally set up with two components. AECL would do the research for developing the concept for a permanent disposal site and technology, and Ontario Hydro would look after concepts for transportation and interim storage. We have been putting a couple of million dollars a year into our part of the program.

We also contribute some geotechnical expertise worth perhaps \$1 million a year to the AECL side of the program, which is something like \$30 million a year.

11:40 a.m.

At this point AECL is rationalizing its total research and development program in the light of the staged cutbacks announced by the federal government. We have not yet had discussions with them as to where and to what extent we might be expected to assist in maintaining the essential programs. There has not been any specific discussion about the support of that spent fuel development program.

Mr. Charlton: I found a number of your comments today of interest. It seems to me that the 3,000 megawatts of conservation you are planning for is about a 200 per cent increase from what you were presenting to the select committee in September. The presentation I have in front of me talks about 1,000 megawatts of strategic conservation.

Mr. Campbell: That is strategic conservation. I mentioned we had 3,000 megawatts built into our load forecast, and that is the one we are counting on. That was the same as we presented to the select committee. Perhaps we did not emphasize at that time that the load forecast Ms. MacKay-Lassonde presented included 3,000 megawatts of conservation that we assume is going to happen. When we talked about strategic

conservation, that meant over and above that 3,000. That is where I said we could get another 1,000 to 4,000.

Where I said 1,000 megawatts, we are sure we can get the 1,000. We may get as high as 4,000 and that would total 7,000, putting that in context. We did include the 3,000 in the basic load forecast we made.

Mr. Charlton: Are you saying that figure essentially has not changed?

Mr. Campbell: What we were saying is that we were counting on 4,000: 3,000 in our plan and at least 1,000 with strategic conservation. I think we indicated at the time on some of those charts you saw that we could get as much as an additional 4,000.

Mr. Charlton: I recall the discussion. It is just that nowhere in the presentations did you ever show the 1,000 to 4,000 as a realistic possibility. We did discuss it on a number of occasions.

Mr. Campbell: We will try to reconcile that for you.

Mr. Charlton: Your figure 9B16 just shows the 1,000 megawatts of strategic conservation.

Mr. Campbell: I think we said we thought we could count on that.

Mr. Charlton: What I am trying to get at here is what kind of things are coming out of your demand-supply options study? For example, you mentioned this morning that you were looking at 1,500 megawatts of new hydraulic on your system. That is a 50 per cent increase from what you are showing here.

Mr. Campbell: I will check that figure and get back to you. I do not have the answer right here.

Mr. Niitenberg: If you go back, we indicated that there were 17 potential sites being explored for future hydraulic, and that resulted in about 2,700 megawatts of capacity that could be added. Depending on the economics and the time frame, that was a potential pool from which to draw. These were medium-sized sites. Then there was a number of possible small hydraulics that could be developed by private operators.

Mr. Charlton: Small hydraulic here is showing at 20 megawatts by 2004 and the large-scale hydro is showing at 1,000 megawatts by 2004. The figure you mentioned was 1,500.

Mr. Niitenberg: As to what could be developed. If you look at the presentation, it says the potential from the sites we know is about 2,700 megawatts.

Mr. Charlton: I understand that. I am talking about what Mr. Campbell said this morning was

the target for the year 2000. The figure he threw out was 1,500 megawatts.

Are those figures being updated as a result of your demand-supply options study, and could we get updated figures with respect to the alternatives being considered for the end of the century?

Mr. Campbell: Yes, Mr. Snelson has just given them to me. Our potential of the sites greater than 10 megawatts is a total of 2,700. Mattagami is 379, Niagara is 532 and Little Jackfish is 132. That comes to approximately 1,000. That is where the 1,000-megawatt figure came from.

Those are on the drawing board now. We are starting the planning, so those are pretty definite. We have the support in principle of the government to proceed with planning those sites. There would be potential to pull others off the shelf and move them ahead. That is where we could perhaps have some additional facilities.

Mr. Charlton: That is what I am interested in. We got the very clear impression in September that the 1,000 megawatts was all that was realistic by the year 2000, or 2004, which is the year you use on this table here. Now you are saying that potentially we could move others up and go beyond that.

Mr. Campbell: We have figures on this. Figure 17.63 is the documentation we presented in October. There is a page indicating that we have 1,000 megawatts planned for strategic conservation. We had load shifting at 1,500 megawatts and additional supply needed at 4,700. There you can see the number we were questioning before. It says, "Above example assumes a total of 3,100 megawatts of demand management during the period." So the 3,000 megawatts was built into the document we presented at that time.

Mr. Charlton: I do not know if you can provide them today, but back to figure 9B16 which I was referring to—

Mr. Campbell: Was that in the same document?

Mr. Charlton: It was in volume 1.

Mr. Campbell: I am sorry, I do not have that document with me.

Mr. Charlton: I will run through them so they are on record. Perhaps you could provide the committee with updates, if there are any, at some later date.

The figure deals with alternatives considered in Hydro's plans by 2004. It shows load shifting at 1,500 megawatts, large-scale hydro at 1,000 megawatts, municipal solid waste at 50 mega-

watts, small-scale hydro at 20 megawatts, and cogeneration at 340 megawatts, for a total of 2,910 megawatts. Is the study providing you with information that allows for the update of those figures?

11:50 a.m.

Mr. Campbell: We do not have updated figures right now. We are hoping to have them as we progress into the spring. What is the latest target date on the completion of that supply-demand study, Mr. McConnell?

The Vice-Chairman: Will you identify yourself for the record, please?

Mr. McConnell: My name is Lorne McConnell.

If there was going to be any change in those numbers, it is unlikely we would have anything confirmed until May or June of this year. At present, concerning the numbers the chairman is talking about and in the context of the data we gave last fall, there is no change.

Mr. Campbell: We have a report, called 651SP November 1985, which we could make available to you. It outlines the range of options we are looking at in that study. We are narrowing that down. We can make that available.

Mr. Charlton: I would appreciate that.

Mr. Niitenberg: In addition, it gives a list of the potential hydraulic sites with their capacities, rather than a lump sum. Essentially, you can have a planning smorgasbord from which you can select the more economical options. That is included in it.

Mr. Campbell: I will give you this right now.

Mr. Niitenberg: I have one more comment on the hydraulic and it is fairly important. The focus has been on what new hydraulic commitments are being planned and made. New projects usually have more pizzazz and appeal.

Ontario Hydro has had a concentrated program over the last 11 years. We have gone back to our existing hydraulic sites to get more energy from the same water. We have modified and rebuilt 48 hydraulic units in that 11-year period. This continues. It has given us anywhere from 0.2 megawatt up to 16.8 megawatts extra from existing units. The rest of the units are between those two limits.

We have a fairly good block of power from our existing hydraulic units. This has been done in a very low-key way. I want to make the point that we have initiatives which are ongoing, in addition to looking at new ones. There is a total of 183 megawatts so it is fairly substantial. It is roughly the equivalent of Little Jackfish.

Mr. Charlton: I appreciate that. Could we talk for a few minutes about your negotiations around hydro purchases and specifically Manitoba? I seem to be getting mixed messages around that question. Correct me if I am wrong or if I misunderstood the comments that were made here in the select committee last fall.

You said you were negotiating with Manitoba and in your view there was some fairly stiff competition in those negotiations because there were significant potential buyers south of the border. I cannot quote exact words, but in essence I took it you were saying that you were not sure how serious Manitoba was about selling power to Ontario.

Mr. Campbell: I must have explained that badly because we have signed a letter of intent with Manitoba Hydro to negotiate a purchase.

Mr. Charlton: The implication was that the purchasers south of the border were probably prepared to pay more and therefore Manitoba was likely more interested in those sales.

Mr. Campbell: If you look at it from Manitoba's point of view, it has to look at its markets and what its options are. I would expect them to do that.

Manitoba has been a good neighbour to Ontario. I think Mr. Pierce would verify that. A lot of our people, particularly those in the Kenora area, go to Winnipeg for hospital treatment and so forth. They have told us that all things being equal, they would prefer to sell power to us. Naturally, however, they have to look after the best interests of their people. If they can get more for it in the United States, we have the option either of matching that price or letting them sell power to the US.

There would be a price that would be attractive to us and there would be a price that would make it beyond our capability to buy. For example, we would have to build a major new east-west line that would be more than 1,000 miles long, and that is a major expenditure. You know the problems we had in building a line 100 kilometres long. It would be easier in the north because northerners are more reasonable.

Hon. Mr. Kerrio: Where is Floyd when you need him?

Mr. Campbell: Speaking as somebody from Chapeau.

Mr. South: More reasonable or more gullible?

Mr. Campbell: It is easier because it is mostly crown land. One can bypass most communities

so that most people would not even see a line if it were built in northern Ontario.

The Vice-Chairman: We tack them on to trees.

Hon. Mr. Kerrio: We will get good co-operation from the Ministry of Natural Resources.

Mr. Campbell: We are still taking that very seriously. I would like to see us buy power from Manitoba for this reason: If we could get power at a price that would help us to build that line, it would strengthen our whole system because our east-west tie is one of the weak links. Mr. Niitenberg mentioned the problems we are having with transmission. Our east-west tie is one of our weak links. Right now the economics are questionable, but if we could build a major new east-west power line, and if we could get a good deal on power from Manitoba, that would pay for the line. It would be an added benefit. There would be security and we could move power quickly.

Mr. Charlton: That is all fair comment. That is essentially what I understood to be your position in the fall.

Mr. Campbell: That is our position and it has not changed.

Mr. Charlton: I raised the question because I had Manitoba government officials contact me in early December to try to determine whether Ontario Hydro was serious about committing itself to a fairly large block of power from the Manitoba system. Somewhere the messages are getting a little mixed as to who is serious.

They stated their preference to sell to Ontario. They have a very selfish reason for preferring to sell to Ontario as opposed to selling south of the border. In the past, they have had federal assistance in building transmission lines. Perhaps you have also had that and can tell us a little about it, but I am not aware that Ontario Hydro has had that. Their feeling is that if they sell power south of the border they will get no federal assistance at all, but that if they sell power to Ontario there is a good possibility of being able to wrangle some federal assistance for transmission facilities.

Mr. Campbell: They may have got it under the old Department of Regional Economic Expansion or the Department of Regional Industrial Expansion.

Mr. Charlton: I do not know what they got it under. I am just passing on to you what they expressed to me. They seemed concerned wheth-

er Ontario's position was serious. That is essentially what they were asking.

Mr. Campbell: We are serious and I hope you will pass it on.

Mr. Charlton: I thought it might be useful to pass that along to you.

Hon. Mr. Kerrio: Mr. Charlton, you have connections there that we do not have; by all means deliver the message.

12 noon

Mr. Campbell: One of their ministers made a comment that was carried by the Canadian Broadcasting Corp. saying they hoped to sell a lot of power to Ontario because Ontario was having difficulty with its system. We did not exactly appreciate that kind of comment because that is not why we are buying power from them. We are talking about buying long-term power for the future. They do not now have the power we are talking about. They would have to build new plants. That means we are talking about 10 or 15 years away.

We had an apology from them. The fellow said he did not intend to say that, that it was misinterpreted and that it was not their intent. That was not why we were buying power. We were looking at it as a valid option, among other options. That was clarified and there is no problem.

Mr. Charlton: I would like to discuss quickly a couple of comments you made in your presentation. When you were talking about hydraulic facilities, you attempted to differentiate between hydraulic and pump storage. That is a fair comment in terms of differentiation. You said pump storage creates no more power. I guess that is also a fair comment, but for those of us who are trying to understand the Hydro system, it should be made clear that although pump storage hydraulic facilities may not add any total power to the system, those facilities are particularly useful for peak periods.

Mr. Campbell: We have one at Niagara. As Mr. Niitenberg was saying, we have opportunities to put in pump storage in the Bruce area. There are some high mountains and hills and we could put in a system. The Japanese do a lot of this.

Mr. Niitenberg: We should not mix up the two. From an operating end, I would love to have 2,000 megawatts of pump storage by the year 2000. It allows operating flexibility and energy storage as well as load management.

Mr. Charlton: It allows you to deal with your situation four hours later today.

Mr. Niitenberg: Exactly. For that to function, we need another energy source somewhere that at off-peak-time would mean there was energy free to pump up the storage. One can visualize a system that would have essentially hydraulic and pump storage, and would use off-peak nuclear during the night to charge up the pump storage. It would give the four- to six-hour shift that is needed. If the storage were large enough, it could take advantage of the weekend load.

I agree with your remarks that pump storage would be positive in the long run. But if you do not have excess capacity, pump storage does not add anything in load-meeting capability.

Mr. Charlton: You talked about the 2,700 megawatts of hydraulic potential. I assume some of that is in this study you gave me.

Mr. Campbell: Pump storage is in there separately.

Mr. Niitenberg: It is all listed individually.

Mr. Charlton: However, the 2,700 megawatts of hydraulic potential that you are talking about is the amount of hydraulic that at this point Ontario Hydro considers to be reasonably practical in the context of location and economics in the long run.

Mr. Niitenberg: I guess the location and economics have not been fully evaluated.

Mr. Campbell: They would be the ones we would categorize as reasonably practical. As to the Albany River, I would not take time to—

Mr. Charlton: I think you made it clear those things were not being considered.

Mr. Campbell: These are categories where it conceivably could be done. We are going to have to go through an environmental assessment. We know we want to do the Jackfish, for example. We think it is economically feasible and makes sense, but it is not going to be easy to build. We have already had indications from some of the native population. They are worried about what that would do. I do not expect it to be easy. It will probably take quite a few years to get an environmental assessment done. That is why we want to start with the planning now.

Mr. Charlton: In the context of the 2,700 megawatts, so that I am perfectly clear, these 2,700 are sites that Hydro considers practical, even if it has not looked at the economics of them all yet; practical in the context of building a Hydro facility as opposed to the discussions we have had about small hydraulic, which would likely be mostly privately developed. Any small hydraulic is in addition to the 2,700 megawatts.

Mr. Campbell: I think it is fair to say that we could do all the sites. The questions would be about cost and environmental considerations. We will not know those until we do the detailed planning. We can do them all.

Mr. McGuigan: I want to talk about more power at Niagara in a round about way. I live on the shore of Lake Erie. My family has been there for 150 years, living on an old shoreline.

Mr. Charlton: Is your house still above water?

Mr. McGuigan: Fortunately, where I am, it is. I will explain that. About 10,000 years ago in geological time, when most of the St. Lawrence River was full of ice from the glacier and Lake Erie was 100 feet deeper, according to the theory, the water from Lake Erie went down the Mississippi Valley. When the glacier retreated, it allowed the water to go out through Niagara to the St. Lawrence, but it left this old shoreline. You can trace that shoreline all along Lake Erie; in fact, up along Lake Huron.

Mr. Campbell: What was the name of that lake? I remember studying that in geography.

Interjection: Iroquois?

Mr. Charlton: No. Lake Ontario was Lake Iroquois. I cannot remember.

Mr. McGuigan: There was a name for it. It makes a very good fruit-growing site because it is sand and gravel, which gives drainage. The southern slope gives the micro climate. You will find fruit grown wherever that shoreline appears. In some places the shoreline has disappeared into the lake, but all along that lake we now are experiencing very high water levels.

Since the mid-1960s, according to climatologists, the whole Great Lakes basin has been receiving more rain, higher than previous records. The records go back a little more than 100 years.

I attended a conference on Lake Michigan last October in Chicago. There was a climatologist giving his theory. He said that where I was standing in Chicago, and you could substitute Chatham for that, it was once tropical because there are deposits of low grade coal underneath that came from the tropical forests. He said it was also glacial at one time. Of course, we know that from the evidence of rock from northern Ontario strewn all through our area.

The point is that climates are always changing. We are in a change right now that is short-term, 20 years. It would appear to be raining more. Also, for a little more background, if we look at TV and the stories we see every night about the

continent of Africa, the desert is advancing about 20 miles a year. In fact, some people are predicting almost the depopulation of Africa if this continues.

It seems to be pretty well accepted amongst scientists that man has caused the weather change in Africa by cutting down the forest because he depended on it for fuel. They did not have gas and oil and the things we have, although the continent is underladen with it in places.

Mr. Campbell: They burn dung, which is a natural fertilizer as well.

12:10 p.m.

Mr. McGuigan: The Israelis say Moses led his people to the only part of North Africa that did not have oil. The forests have been cut down for fuel and that changed the climate. One can make an equal case that, through our acid rain and management of forests and agricultural land in cutting down forests and planting crops, perhaps we have altered the climate of Ontario, too.

Mr. Campbell: I think they are starting to get concerned about the greenhouse effect from burning fossil fuels.

Mr. McGuigan: Going back to another basic premise, it appears that all the Great Lakes are at very high levels at the moment, with the exception of Lake Ontario and even the prediction for it is that by next spring it is going to have high levels. It appears that water has come down from Lakes Superior, Huron, St. Clair and Erie, and the Detroit River.

Lake Erie is the storage basin for those lakes because the bottleneck of getting water out of Lake Erie is the Niagara River. People who have studied this accept that it is the Niagara River. I certainly accept that it is. There is not a great deal we can do to increase the amount of water coming out of Lake Erie.

However, if we go on with another 20 years of higher rainfall levels, Lake Erie is going to seek other ways of getting rid of its water. It is doing that now along the shoreline. If you want to extend that over a period of time, it has taken us about 20 years to build up an extra five feet of water. If we put another five feet of water on it, there is going to be serious flooding. If we put banks around Lake Erie, we are going to flood the Detroit River or Lake St. Clair.

It seems we have to look at ways of gradually getting rid of water from Lake Erie that will not dump it in one fell swoop in Lake Ontario and put the island of Montreal in the water. Studies indicate the way to do this would be to blast out maybe three or four miles of the Niagara River to

a greater depth at the point where the river and the lake meet, until it gets down to where it catches some of the drop in the Niagara River. The estimated cost in 1981 was \$300 million. It is probably double that now.

Mr. G. I. Miller: I thought it was \$130 million.

Mr. McGuigan: Perhaps you are correct, but the figure I heard was \$300 million. Anyway, it is multimillions of dollars to blast that rock because limestone is part of the Niagara Escarpment. If the water were let away, it would be largely wasted as far as power production is concerned because there is no facility that could pick up more power.

I wonder whether we could not solve two problems, high water in Lake Erie and acid rain, by looking at further Hydro developments along the Niagara River. Hydraulically generated electricity is the best kind. I understand you are looking now at moving further downriver from the old plant that is right at the scenic spot and boring tunnels through the limestone under the city that would double the head.

I wonder if you can consider, and I guess economics would enter into this, also boring upstream, taking that water out of the lower basin of Lake Erie, rather than out of the Niagara River. It would save—I do not know which figure here is right—millions of dollars of work in the Niagara River, and it would also make a system over which you had control. Supposing we go back to a dry cycle again and you wanted to shut off some water in Lake Erie, you would have a hard time shutting off the river if that river were deepened. You would have to put in a control structure to shut it off, whereas a bore could be controlled.

Mr. Campbell: That is an interesting question.

Hon. Mr. Kerrio: I would like to put a little information on the table. Next Friday morning I am going to be talking to Tom McMillan, the federal Minister of the Environment, because I am concerned that if we size Niagara, and then there is a major involvement of the Canadian and US federal governments in a project to control the water levels, I should know about it immediately so that we do not size Sir Adam Beck III and then find we might have more water available to us.

I will be asking Mr. McMillan to talk to his counterparts in the US, probably the Army Corps of Engineers, to make absolutely certain of this, because in my past experience in construction there was nothing worse than building a road and

then putting a trench hole in it to put in a pipe you forgot. I want to get that information and I shall be reporting back and talking to the chairman and anybody else who may be interested in what potential there is there for water control and maximizing any hydraulic power development.

Mr. McGuigan: The minister is correct in that this is an international agreement and all of those things have to be in place. To add to what the minister has said, the critics, and there are many in my area who are complaining about the water level, point back to a time in the 1930s—I can remember them talking about the great Chicago water steal.

At that time, in order to facilitate getting the sewage away from the city of Chicago, it took between 10,000 and 13,000 cubic feet a second to go down, I believe it is the Chicago River, and they routed it down eventually to the Mississippi River to carry the sewage away. That has now been reduced to a flow of 3,000 cubic feet a second. The critics point out that if you could increase that flow down through Chicago that would probably take care of it over a long period of time, and again we are talking about 20-year periods of that amount of rain. That might get rid of the water.

I understand there have been some preliminary talks amongst the US states themselves in this regard, but it never got to the point where they involved the International Joint Commission. The result of that was that the American states said they did not want that extra flow down to the Mississippi, because they had their flooding problems too. The extra rainfall we are getting is not just affecting Ontario, it also affects these states. At the moment, they apparently do not want that extra flow down through Chicago.

They gave us the history of that affair. Chicago was dumping its sewage into the lake and taking its fresh water out of the lake at the time. They had typhoid epidemics that were killing hundreds of people a year. They said it was comparable to any typhoid epidemic there had been in Europe prior to the times when they had good sewage systems. Then they decided to put it in the river and they sent the typhoid down to Peoria, Illinois. They had a typhoid epidemic in Peoria for a number of years, until they finally decided to put in a sewage treatment system.

12:20 p.m.

I throw that in as a bit of historical aspect. It does offer some intriguing possibilities. If we were able to do any of these things, we would not only solve the hydro generation problem, but also a lake level problem.

Since the early 1970s, they estimate there has been \$100 million worth of damage on Lake Erie on all sides of the lake, and that was when the levels were lower than they are today. They are predicting this spring it could be a foot higher than last spring. What if it is a foot higher in 1987 and a few inches higher in 1988? The bathtub is going to spill over.

Mr. Campbell: I think—

Mr. Chairman: I am sorry, Mr. Campbell. Could you be fairly brief because we have only 10 minutes left and there are other members who want to ask a few questions.

Mr. Campbell: It is an important issue and obviously one we would be ready to work on with the federal government. Right now we are controlled by international treaty so we have a very specific limit of water we can take.

Hon. Mr. Kerrio: More specifically, what you leave flowing over. You can grab all the rest.

Mr. Campbell: That is right. Right now there is more water going there than we need. However, if there were some kind of international agreement to do something different, of course we would have to look at that.

Mr. McGuigan: Damage on Erie is worse on the American side than it is on ours because it is more built up than ours.

Mr. G. I. Miller: I would like to follow up on that. There is interest on the American side also. I believe some senators in adjoining states are now looking at this very concern. I am pleased to know the minister is meeting at the federal level, because there has to be agreement on all sides.

There is a concern that Long Point may disappear, that it is going to be swamped and lost, maybe for ever. There is some seriousness to the concern. The point, most of which is an historical natural phenomenon, is giving out. With storm damming, I think that has been covered quite well.

Is there any way that Hydro is controlling the water flow out of Lake Erie at present? I suppose I have asked that question 50 times over the years.

Mr. Niitenberg: The answer is no.

Mr. G. I. Miller: I have always said if there is any evidence that there is, make sure to pass it along to the ratepayers and the people who live along there.

When we develop water power, does Ontario Hydro give any help, either financial or advice, to develop waterways such as the Grand River, which was a major source of power going back to the middle 1800s? We put in a dam at Caledonia,

anticipating a dam at Dunnville, to make the Grand River navigable again, and that water is flowing along. But there will have to be a series of dams if the river is going to be navigable to Brantford, which is about 60 miles from Caledonia. Are there any figures put together now to indicate how much power would be produced if those dams were harnessed and that power made available to Ontario Hydro?

Mr. Campbell: I do not have those figures today, but that is an area we support. We have agreements already with several conservation authorities where we buy power from them. We have increased our buy-back rate there and we make it quite economical in some of those places to install those dams and power plants. We are hoping for a lot more interest, particularly from conservation authorities. We already have signed up a few of them. Actually, some of them are producing power right now.

Mr. G. I. Miller: I know the Grand River Conservation Authority controls the conservation aspect of it and there is a small one at Guelph. Major investments were made to replace the dams, and they could be made to pay their way and provide for recreation and access to that waterway.

With respect to the fly ash at Nanticoke and from the generating stations that use coal, is any progress being made in recycling that into a useful product so that they can extend the life of that type of plant? I do not see anything moving. I see a lot of activity moving the ash back and piling it up at Nanticoke. It is going to be an environmental problem as long as there is wind and drifting. It is almost impossible to control it.

Mr. Niitenberg: The focus has been on better control and more efficient storage of the fly ash.

Mr. G. I. Miller: What about recycling? Can it be used for road building material?

Mr. Niitenberg: It can be used for certain parts of road and bridge embankment fill. Some of the fly ash can be used for cement replacement in concrete. At one time, we were looking at the possibility of using it for light-weight concrete blocks, and we did this. The economics are not in line.

Some smaller quantities of fly ash, mixed with bottom ash, which is no heavier, have gone into road building in southwestern Ontario. Some of it was reclaimed from the J. Clark Keith ash pile.

At Nanticoke the focus has been to increase the efficient use of the storage area. When we began burning western Canadian coal, the ash content increased dramatically. For every unit of elec-

tricity produced, we produced more ash, and that had to be stored in an environmentally acceptable manner. The activity you see there are the drag lines and the covering scheme focused on that part of the fly ash.

We certainly would entertain any proposal of any jurisdiction that would like to use our fly ash or bottom ash for road fill or for embankment building or anything of that nature. We have made this product available at cost to people who have wanted to use it. Very small quantities have been used.

Mr. D. W. Smith: I wanted to know your time frame, the way you see it. If everything went well, how long would it take to install the transmission lines in southern Ontario to take the bottlenecks you referred a while ago out of your system?

Mr. Campbell: That is a touchy point with us. We estimate the delays there to date are costing \$200 million. We estimate the hearings going on now have slipped at least three months and that has added another \$25 million to the cost. It is very expensive. We think the earliest we could have those lines in service—what is the date now?

Mr. Horton: I think it is 1988-89.

Mr. Campbell: Three years. We cannot order a pound of steel until the process has been followed through, until the hearing is complete and the report is made and comes to the cabinet; it

can be appealed to cabinet. Then, finally, the cabinet sends it on to council. It is only then that we can order the steel. There are a lot of delays in the process, and it is a sore point. I do not think we have enough time now, but if you want another discussion some time on it, I will be happy to come back.

Hon. Mr. Kerrio: The timing of that question was good.

Mr. Niitenberg: From an operating point of view, I think another point should be added. Even if everything goes exceptionally well, before that line goes into service we will have absorbed considerable extra cost for the locked-in power which is there right now.

Mr. Chairman: I would like to thank you and your colleagues, Mr. Campbell, for spending the morning with us and being of assistance. There are probably other questions that could be asked. I have one on tingle voltage, but I will hold off for another day. I know Mr. Allan is here.

Hon. Mr. Kerrio: He wanted to hear the other views.

Mr. Chairman: I will not get into it; it may be sub judice any way. Thank you for appearing before the committee.

The committee will meet again tomorrow at 8 p.m.

The meeting adjourned at 12:30 p.m.

CONTENTS

Wednesday, January 15, 1986

Policy and planning program	R-733
Adjournment	R-754

SPEAKERS IN THIS ISSUE

Charlton, B. A. (Hamilton Mountain NDP)
 Gordon, J. K. (Sudbury PC)
 Haggerty, R. (Erie L)
 Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
 Laughren, F., Chairman (Nickel Belt NDP)
 McGuigan, J. F. (Kent-Elgin L)
 Miller, G. I. (Haldimand-Norfolk L)
 Pierce, F. J. (Rainy River PC)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 South, L. (Frontenac-Addington L)

From the Ministry of Energy:

Allan, D. M., Deputy Minister
 Campbell, T., Chairman, Ontario Hydro
 Higgin, Dr. R., Assistant Deputy Minister, Programs and Technology
 Horton, S. G., Executive Vice-President, Engineering and Services, Ontario Hydro
 McConnell, L. G., Vice-President, Power System Program, Ontario Hydro
 Niitenberg, A., Executive Vice-President, Operations, Ontario Hydro



No. R-32

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy



First Session, 33rd Parliament
Tuesday, January 21, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, January 21, 1986

The committee met at 8:05 p.m. in room 228.

ESTIMATES, MINISTRY OF ENERGY (continued)

Mr. Chairman: The committee will come to order. Members of the committee will know that technically there are six hours and 25 minutes left in the estimates of the Ministry of Energy. There has been a request that we wrap up the estimates tonight and tomorrow, which would give us roughly five hours, to allow the Ministry of Municipal Affairs to commence Thursday evening. Is there any problem with members of the committee in doing that? Remember, the committee decides its own schedule.

Mr. Jackson: Agreed.

Mr. Chairman: Then it is agreed that at the session tomorrow we will complete the estimates of the Ministry of Energy.

I apologize to those people who anticipated they would be before the committee last Thursday night. Unforeseen events intervened. We ended up debating a report in the Legislature that a lot of members of this committee wanted to take part in because it flowed from this committee. I apologize if that caused inconvenience to any people from the Ontario Energy Board and the Ontario Energy Corp.

Tonight we would like to proceed from where we would have been last Thursday night and talk first to people from the Ontario Energy Board and then representatives of the Ontario Energy Corp. There has been a request that the special adviser to the Premier on crown corporations—I do not even know what a crown corporation is, given the party I represent—

Mr. Haggerty: Just one of those programs that is nationalized.

Mr. Chairman: Yes, I am beginning to understand. After we have heard from the Ontario Energy Board and the Ontario Energy Corp., we will leave time for the special adviser to the Premier on crown corporations. Keep this in mind as you pursue and ask questions of the first two witnesses so you do not run out of time for the last witness. If that is agreeable to members, can we have the people from the Ontario Energy Board?

On vote 2204, Ontario Energy Board program; item 1, Ontario Energy Board:

Mr. Chairman: Does the minister have anything to say?

Hon. Mr. Kerrio: I am very pleased the committee has agreed on this format. I will give all the time to those who are appearing.

I would like to introduce Bob Macaulay, who is going to introduce those he brings forward to answer on any specific issues. Mr. Macaulay, would you like to make an opening statement or give an overview of what you are about? You are in the hands of the committee, as I am.

Mr. Macaulay: I do not know exactly where you would like me to proceed. I will tell you a little about what the board is and what we perceive to be our responsibilities. There are two or three acts that create us and govern what we do.

The gas distribution system in Ontario, which is fundamental to the economy of this province, is subject to regulation largely because the capital plant investment is immense. To get proper and due value for the investment, normally it is not conceived to be wise in North America that these companies compete against one another. A half-used system is an expensive system to maintain from a customer point of view.

Because there is no competition, and knowing the avarice of most businesses and perhaps most human beings—that is, the willingness or desire to get ahead at the expense of somebody else—regulation is put in its place throughout North America. It is said that regulation is the proxy for competition.

That is why this board was established in legislation which, I am sorry to put it this way, I wrote in 1959. I established the ministry and the board in 1959. It seems like a strange completion of the circuit that I, as chairman of the board, should be back here reporting on the legislation I wrote. At that time there was no energy legislation of its kind in North America and the board was of a very different nature.

8:10 p.m.

This board exists to regulate and create fair and reasonable rates for consumers of natural gas. In the 1970s, the government of the day added certain responsibilities in relation to Ontario

Hydro. We have a reporting role in relation to Ontario Hydro, but we have a deciding role in relation to natural gas.

We have a small board; our budget is about \$3.5 million and we have about 40 individuals. We hear about 90 cases a year, some of which deal with gas, development of natural gas and oil, building pipelines and so forth. There are two or three acts for which we have responsibility. We report to the Minister of Energy.

This is the 25th year of our existence. We issued a special report last summer, which I hope identifies what we have sought to accomplish in the past 25 years. We are now embarking on an entirely new era because energy in North America today is a very dynamic field. What we did a few years ago with respect to energy is not adequate now in terms of the future we race against.

I do not know what else I can say. I am perfectly happy to attempt to answer any questions in areas that may be of specific interest.

Mr. Haggerty: The world price of oil has dropped considerably, to \$20 per barrel. What effect will this have on the price of oil and natural gas to the consumers of Ontario, who buy at world price? There is a fixed price now that is set by the federal government of Canada.

Mr. Macaulay: I think it will take a substantial period of time to work its way through the system. I do not think there will be any immediate change in the price of gas in the province. In addition, the most recent agreement with reference to gas changes the concept of the marketing of gas to a free marketing situation. All kinds of predictions have been made as to the effect that is going to have on gas prices in Ontario.

It is a very confused picture as to the future of gas pricing in Ontario and Canada generally. It is perceived and hoped the price of gas will come down in the province. Frankly, I think this is an expectation enlarged beyond the level of reality. I think it will come down, but I do not think it will be nearly as dramatic as is being said. In the process, there will have to be the resolution of some immense problems in relation to TransCanada PipeLines, the National Energy Board and gas production generally in Alberta.

Mr. Haggerty: Does the Ontario Energy Board have any input in relation to the National Energy Board in establishing the prices that are set by the federal government and the gas-producing province?

Mr. Macaulay: No. The Ministry of Energy does that to the extent of its responsibility. We do not have any responsibility in that area.

Mr. Haggerty: The board has nothing to say in the matter at all?

Mr. Macaulay: No. We are an administrative board. We look at the distributors and their costs. We try to allocate those costs fairly among those who cause the expense to the system, to be sure rates are fair and equitable in distribution of gas in Ontario. Behind that is the cost of gas and the contracts upon which the system is built. That goes back to the 1960s and 1970s, when the foundation of TransCanada PipeLines was based upon the concept of securing enough gas for its customers for the future. That is a responsibility of the provincial Ministry of Energy to the extent that the province has any input into the matter. We do not.

Mr. Haggerty: In the hearings of the board, have there been any findings of discrepancy, particularly in the gas tax base for those in the exploration industry on Lake Erie, for instance? Are there disadvantages or advantages for one particular industry in that area of exploration?

Mr. Macaulay: No. There are two or three taxes that the explorers in Lake Erie pay. There are royalties established by the Ministry of Natural Resources. Taxes are paid to the provincial and federal governments. I may have lost the thrust of your question.

We have something to do with whether the exploration expenditures of a gas company should be on the rate base, what kind of rate of return it should earn and how this influences rates; however, we have nothing to say about the level of taxation of any of these companies.

Mr. Haggerty: In other words, you are not aware of any discrepancy in the area of royalties or the tax base?

Mr. Macaulay: No. We take some of those matters as matters of fact and law. Whatever royalties there are, those are expenditures that are required by law. It is for somebody else to decide what level they ought to be.

Mr. D. W. Smith: Did I hear you right when you said that in making your decisions on the energy board you do not want to see a lot of gas companies competing against each other so that they only do half a job? It almost sounded as though you might have to be a little biased in your judgement in favour of a gas company.

Mr. Macaulay: No. If I left that impression with you, I apologize. I was trying to explain why there is regulation of rates for gas distribution as opposed to leaving it for the free market to decide.

If you go to a grocery store to buy its products and you do not like it, you can go down the street and try some other grocery store. That may be a rather unsatisfactory analogy to you, but it is the one that leaped first in my mind.

About \$1.5 billion is involved in distributing gas to a community. To give gas companies a fair recovery for their investments and costs, they must be assured of a certain reasonable rate of return or they will never put the money in. The alternative would be for the government to put into the ground the plant that would bring the gas to the community.

Our obligation is to be sure the rates paid to that company are sufficient to attract that kind of investment. Since the company is, to use a phrase, "the only game in town," it must also be ensured that it cannot charge a rate it might be inclined to charge because it is the only game in town.

Gas distribution is regulated because it is the only game in town; were it not, rates charged might be higher than would be fair and warranted otherwise.

8:20 p.m.

I did not mean to say, by any means, that we are out to protect gas companies. We have a double obligation. One is to see that the customer is fairly treated and that he gets his product with a high quality of service and at a reasonable rate. At the same time, since gas companies require substantial capital investment, we must ensure they are able to invest their capital at a fair rate of return to their shareholders.

Mr. D. W. Smith: That answers it very well. I wanted it clarified because I have had dealings with storage property owners in Lambton county. From time to time it comes up that the Ontario Energy Board may be protecting the gas company more than the storage producers think it should.

Mr. Macaulay: Mr. Smith, the problem of gas storage and rental of space underground to gas companies is a very sensitive area. A total of about 150 owners are involved in a number of fields owned by Union Gas Ltd. Of the 150, I understand 148 have signed agreements with Union Gas. Farmers and others, whatever their occupation may be, feel they are not getting enough. It is a perennial problem.

I have been here; I have sat there. You are underpaid and so was I when I was there. We make our decisions based on evidence presented to us. I was not here during the last case, but our decision then was based strictly on the evidence brought forward.

May I say to some of your constituents that if they have not signed agreements they have every right to come to us. We will determine what, as we perceive it, is the fair amount they should be paid. I want them to understand that. However, if they have signed agreements, we have no authority until the agreement comes to an end.

If you come over we will talk about it.

Mr. Pierce: In response to a question, Mr. Macaulay mentioned that the problem of lowering gas prices is very complex because of many factors. However, it appears to the general public that increasing gas prices is not such a complex problem. What is the relation between the two? Gas prices can go up, but they cannot come down. When we look at our closest neighbour to the south, particularly its border towns, we see the price of gas dropping to a point where we are better off paying the exchange on our dollar to gas up there. Their prices go down without any problem.

Mr. Macaulay: In Canada, our gas prices have been tied to the world price of oil and to an agreement between the federal government and the western provinces. The gas that TransCanada PipeLines has made available to the provinces has been totally dependent on that arrangement. That has been a very artificial arrangement, but it has been in place for many years.

The proposal now is to free up the price of gas by changing the price to a market responsive drive. The possibilities of prices coming down are substantial. Whether they will come down as much as is hoped is another matter because of problems that have to be resolved. For example, recently we issued a decision in relation to Union Gas and several companies where the price has come down. I hope and expect the price will come down. This is a dynamic year because of this change in the situation.

Mr. Pierce: Being tied to world prices and recognizing world prices are coming down, why do we not see our prices coming down in Canada?

Mr. Macaulay: Are you talking about gasoline or gas?

Mr. Pierce: I am talking about both.

Mr. Macaulay: With great respect, we have a lot of problems but I do not have a god-damned thing to do with gasoline.

Mr. Jackson: However, you have gas. Is that what you are saying?

Mr. Macaulay: Let me say this: it takes one to spot one. We do not have anything to do with the

price of gasoline, but the price of gas is coming down.

Mr. Haggerty: Propane gas, I understand,—

Mr. Macaulay: Not the price of propane; we have to do with safety in the movement and transmission in some instances, but not with pricing.

Mr. Pierce: Why does the board not have anything to do with the price of propane? It is a byproduct of gas.

Mr. Macaulay: Because we are living in a free market society. The Legislature has never asked us to have anything to do with it. We do not impose our controls over anything except as specifically legislated. The pricing of propane has never been given to us.

Mr. Chairman: Mr. Pierce, after a while it becomes easy to fit marketing boards in with the free market. It will all come clear.

Mr. Pierce: I have something to look forward to.

Mr. Bossy: I have a supplementary to Mr. Smith's remarks and a reply to there being 148 landowners. I believe you mentioned there are two left to be signed. The last I had heard there were four.

You may be aware of this already, as I do not know how long you have been involved with the energy board in trying to resolve this problem. The energy board has tried to resolve this problem for some 20 years. It seems to me there has been nothing but confrontation. However, three members of Parliament, under pressure as members of Parliament are, three members of the gas company and perhaps a slightly larger number of land owners accomplished more in three meetings than had been achieved before. They were able to finalize an agreement that seemed to resolve the entire problem and was accepted by the land owners. Lawyers were not included in the meetings.

Mr. Macaulay: I judge you are not a lawyer.

Mr. Bossy: Having read all the reports of the meetings conducted by the energy board with the company and the land owners since 1962, I was pleasantly surprised that we could achieve agreement in only three meetings over two months.

Did the people who came to the board give up on what the board could help them with? The problem did not seem to be the company. Union Gas was very co-operative in its dealings with us. Granted, we used the base originally suggested by the board, but a considerable amount of

money was added to that. A total package of hundreds of thousands of dollars was settled on.

By god, even though everybody agreed it would never be enough it was a good starting point. Now it has been resolved until 1990. I hope the energy board will have a better role to play and will back the land owners more strongly in their resolve.

8:30 p.m.

I thought there was too much legal wrangling, to the benefit of the legal people. Forgive me, those lawyers who happen to be here; I know you have to live too. I think they only helped to confuse the issue. There was no trust in the energy board or the company, and that is why it went to pieces. Three ordinary backroad members of Parliament set this in motion and we had all kinds of co-operation. Will you elaborate on this?

Mr. Macaulay: You would have had all kinds of co-operation from us. Nobody came to us on that issue. I am glad to know that without government intervention there was moderation and resolution. However, I say this: we sit there under the legislation given to us by the Legislature. We do not have a duty to go out and probe around in everybody's affairs. We sit there and if applications are made to us we do our very best to resolve the problems presented.

These people did not come to us. They resolved it in the field, as you described, without benefit of clergy. That was their way of going about it. If they had had a host of lawyers it is likely they would still be talking; however, they resolved it.

With great respect, I do not think the energy board should be criticized for not having gone into the area and sought a forum in which to speak. We are there. I have never heard anyone say we would not go out, have not gone out, were not empathetic or did not try to hear and understand. Nobody came to us on this issue. We happen to know what is going on. We followed it very closely.

I suppose I have had 100 letters this month from people in the field. They are saying, "This is how we are getting on with Union Gas." However, none of them is applying to us to do something about it. I cannot write and say: "My God, do not go on dealing with them. Come to us; we have a piece of legislation."

I understand your position; I have been in it. I think you are doing a great job. We are there to be used if we are sought out, and we have not been sought out on this issue. That is all I can say.

I am glad you are resolving it. I did not mean to suggest that the farmers or any of those people want more than they are entitled to. In our society, you are entitled to what you can get, given a fair distribution of fighting power on both sides. I am glad it has been resolved. I am sure a great deal of it has been due to your own leadership, as well as that of Mr. Smith and others.

Mr. Charlton: You have indicated that in the case of natural gas distributors the board regulates rates. In the case of Ontario Hydro, the board hears its rate applications and recommends what it feels is an appropriate rate increase for—

Mr. Macaulay: Will you forgive me for interrupting so we are exactly ad idem? In relation to Ontario Hydro, we hear what the minister sends to us to hear. When a gas company wants new rates, we go very carefully into absolutely everything. When Ontario Hydro's proposal to increase rates comes to the minister, the minister decides the aspects on which he would like us to report to him. He may leave out a lot of matters we would go into if we were dealing with a gas company.

Mr. Charlton: That leads to my question.

Mr. Macaulay: I did not mean to suggest you were wrong.

Mr. Charlton: Is it your feeling that the present procedure of the board in relation to Ontario Hydro is adequate and appropriate? From your perspective and experience with rate hearings, would the board feel more comfortable if it were doing the whole job, as it does with gas distributors?

Mr. Macaulay: Can I level with you and give it as I see it?

Mr. Charlton: Please do.

Mr. Macaulay: When I was minister in 1960 and we wrote the Ontario Energy Board Act, we intentionally did not include Ontario Hydro. The gas companies were not keen about being included either. I will pass up the opportunity to tell you where I think most major decisions of government are made.

Mr. Charlton: That might be the most interesting comment of the evening.

Mr. Macaulay: There is one right around the corner.

There was no inclusion of Ontario Hydro in the 1959-60 act. It was in 1973 and 1974, when Ontario Hydro was planning to spend many billions of dollars for capital expansion, that the government became somewhat concerned that

there was no vehicle for public input. The legislation was amended then and section 37 was introduced. It stipulates Ontario Hydro must apply to the ministry to increase rates. The minister then would send the application to us. However, if it was going to keep the same rates or reduce them, it did not have to apply.

Personally, I have no strong view about it. In other provinces, the government directly fixes hydro rates. In some provinces, rates are referred to boards. The historic background of Hydro is that it fought a really valiant fight to get organized from about 1905 up to about 1920, and the government did not want anything to do with it.

Hydro began in the municipalities; it did not begin in these buildings. Whitney and others turned their backs on Hydro. Hydro fought to come alive as an organization, which when successful had many fathers like most organizations. It was not thought necessary to have any control of hydro rates. There is an independent board. It is an organization closely integrated with the municipalities.

I was not here in 1973, but I have observed and have always been involved in the energy field. The big struggle was the strength of the Ontario Municipal Electric Association and the municipalities. The government was very concerned about turning Hydro into a crown corporation. They went part way down the road, satisfying themselves they were going far enough so the major capital expenditures of Hydro, the major commitments that could bankrupt or impair the credit value and rating of the province, would be subject to order in council, and the public was to be given an opportunity to comment before the Ontario Energy Board on how it thought Hydro was being run.

At that time, it was only necessary for the Ontario Energy Board to comment on matters that were then before the board. I can honestly say to you that in 1973 it was never thought it would be necessary for the directors of Ontario Hydro, guided in part by the government and in part by OMEA and the municipalities, to be governed by a government-appointed board. I do not think boards were highly regarded; and I do not know that they are now.

8:40 p.m.

To answer your question, we have gone from 1960, when it was never thought desirable and never even entered anybody's head it was necessary, to 1973 when it was thought something should be done, to today. I think it is for you to decide. We have the capacity to do it. We

would do it the way it is done with gas companies, which is very different from the way we look at Ontario Hydro rates. It is a matter of government decision. We do not seek it; I want that very clear. I hope you are marking that down, Mr. Taylor.

We are not seeking that responsibility. In fact, what we are doing is a very consuming responsibility. We feel we are a lightning rod. We are in a no-win position. No matter what we do, there is a very substantial group of people who thinks we are knuckleheads. We cannot win.

Mr. Charlton: I think that is always going to be true of any kind of administrative tribunal.

Mr. Macaulay: Yes, it is.

Mr. Charlton: I guess the question has been raised before; and you are right, the decision ultimately lies with us, not with you.

Mr. Macaulay: Yes.

Mr. Charlton: The reason I was asking your advice is that in the approach you take with the gas distributors, through your board and board staff, you develop over time a substantial body of expertise. You are aware of the select committee which sat from 1975 to 1981. We have now re-established a select committee on energy. Presumably, over time, if these committees are allowed to continue, we could develop a body of expertise here as well.

Right now, where questions on all the ramifications of the things that affect Hydro rates are concerned there is no substantial body of expertise outside of Ontario Hydro. That makes it difficult for legislators, the public and interested groups around the province to comment legitimately on Hydro's position from year to year in relation to rates and the planning process. I was asking you whether you felt there could be benefit in having that kind of regulation of Hydro and establishing that body of expertise, because I sense the lack of it at present.

Mr. Macaulay: Unquestionably, Hydro has the greatest expertise in its own affairs. You would expect that.

Mr. Charlton: There is no question.

Mr. Macaulay: It is an internationally recognized organization in terms of hydroelectricity. It is the world's foremost authority on the subject and its opinions are sought throughout the world. In nuclear energy, because it is so new, Hydro people are advocates of a particular system, which seems to be justified at present. However, what you are talking about is the question of rate fixing.

There are two or three elements in that. First, there is no point in fixing a rate if you leave capital expenditure in some other area. Fundamental rate fixing follows the capital commitments that have been made and put into the ground. It turns out, as a fact, that Hydro has gone through a number of very important areas of development and is now turning to an extremely important one. What is going to happen for the next 15 to 20 years in Ontario Hydro? What are the capital commitments to be made?

Rates are one thing. That is how to divide the responsibility for the sharing of in-house and in-ground costs; but the real control has to take place at the point of deciding where the long-range, deep capital commitments are to be made.

Mr. Charlton: I am not asking—

Mr. Macaulay: That is not before our board.

Mr. Charlton: I think rightly it should not be. Perhaps we need another body to develop the kind of expertise to review Hydro's planning process. I was specifically looking for response from you on the rate structures and the kinds of things you have expertise in.

Mr. Macaulay: Outside of Hydro, we have developed a fairly substantial expertise on these matters, but we are not looking to add Hydro to our area of responsibility. I said to your committee last year at this time that if we were given that responsibility, we could carry it out with as much success as is true in relation to the gas companies. If there is some other forum in which this can be done better, then that is perfectly satisfactory to us.

You put your finger on a most important matter. One of the reasons you have regulatory boards at all, quite apart from the point I made that you have to have regulations in certain areas where, for example, there is no competition, is it allows the government to stand back. The government and the ministry could well fulfil, as maybe could your committee, the functions that we fulfil. The board carries out only those functions a ministry could carry out, but the board becomes a buffer between the consumer and the government itself. Thus the government can stand back a little, observe, be an appellate group, a judgement-caller and do something a board perhaps cannot do.

The justification for boards in the North American political economic scene is we know the ministries could conduct the business a board does, that while they would then have to get down into the arena. Government likes to stand back and be just a little less subjective. It can be

more objective if it stands back and lets a board make those decisions.

Mr. Charlton: Thank you for those comments.

That leads to my next question. You, as a board, have been charged with a certain set of responsibilities. Is it your view that the authority you have been given to discharge those responsibilities is adequate to do that job in the most appropriate fashion, or have you been able to identify deficiencies that could be remedied through legislative action?

Mr. Macaulay: From time to time, and in a light-hearted way, I say I would like to put my hands on the bugger who wrote that act. It is only when people know that I wrote the act that they see the joke.

The fact of the matter is we do need to amend it. We have spent some months preparing a report for the minister. I hope to have it to him in 30 or 45 days. We are going to make some major suggestions or recommendations to him, one of which arose out of the Unicorp Canada takeover of Union Gas where there was legislative control over a change of ownership but of only one parenthood. It did not go to the grandparent or great grandparent.

We felt there were some weaknesses in a number of matters that arose out of that that were drawn to our attention. In short, a direct answer is yes, we are going to recommend some changes to the minister. I expect they will come before you, if they commend themselves to him, and they will make for a better act.

The act has worked well and is highly regarded in the other provinces, as I travel around to try to understand how they deal with energy matters. As with everything, one should try to improve, and the act can be improved.

Mr. Charlton: Thank you. I hope the minister will see that the members of this committee get access to that report when he receives it.

8:50 p.m.

Hon. Mr. Kerrio: You know that all the reports are tabled immediately with this new government.

Mr. Macaulay: If not sooner.

Mr. G. I. Miller: Is Ontario natural gas given a priority to get into the distribution lines? Have you had any requests from companies in Ontario wishing that right?

Mr. Macaulay: Excuse me for just a minute.

I am sorry, I did not understand. I think you are asking if there is a preference for the purchase of and use in Ontario of Ontario-produced gas as

opposed to gas produced by Alberta. Is that your question, sir?

Mr. G. I. Miller: Right.

Mr. Macaulay: No, we do not have any such program. There is no such program legislated. The long-term purchase contracts of TransCanada PipeLines Ltd. are at the very root of the problem of transportation rates at the present time in the hearings before the National Energy Board, the federal western accord. It is a very complicated picture. I will say, though, concerning the production of natural gas in western Ontario, that consumption of natural gas by the companies, Union Gas Ltd. and Consumers' Gas Co. Ltd., is at about the level of production. The price that is paid is a little less than the city gate price.

Interjection: It is now the same.

Mr. Macaulay: Is it now the same? It is not very materially different from the city gate price. As I understand it, the producers in southwestern Ontario are able to sell at the present time about what they are able to produce. However, you have to bear in mind that Union Gas, Consumers' Gas—and Northern and Central Gas Corp. Ltd., but let us stay with Union and Consumers'—have an obligation to buy TransCanada gas from Alberta whether they use it or not. They have been paying for gas that they could not use.

If you were a merchant, why would you go out and stock your store with a great deal more than you can sell, knowing you have to keep taking the production that comes in the back door and that your front door is not big enough to shovel it out? That is really the problem. Recently, the demand has sufficiently increased. The weather conditions have been sufficiently conducive that the gas produced in southwestern Ontario is at about the level the distribution companies are able to absorb.

Their problem has been what has been called colloquially the unabsorbed demand charge of the Alberta gas they have to pay for, whether they can sell it or not. They do not have priority, Mr. Miller, if that is the question you asked.

Mr. G. I. Miller: That was the question I asked. I guess it is not really the policy of this present government; I think we want to share resources across Canada. Maybe I should have rephrased it, to ask if they have equal right. It has been drawn to my attention that we have some producers in our area who are not able to do any expansion in the drilling field, and that it is affecting their work force, because they cannot

come up with agreements to sell their gas. The quality is better than western gas.

Mr. Macaulay: Which companies are you speaking of, Mr. Miller.

Mr. G. I. Miller: Metalore Resources Ltd. is one. There is another smaller group I think I referred to. Metalore Resources has a small company, but I do not know the name. However, there are a few smaller groups that have difficulty expanding their markets. I guess Ontario gas is only about two per cent of all gas used in Ontario.

Mr. Macaulay: About 3.5 per cent of Consumers' production is gas from Ontario.

Mr. G. I. Miller: It is 3.5?

Mr. Macaulay: Yes, 3.5 per cent of the gas it distributes comes from southwestern Ontario.

Mr. Miller, rather than bog us down here in numbers and names, I will tell you without equivocation that if you will come over we will spend a little time, we will chat about it and I will try to show you what we know about it. If you have some useful suggestions, our relationship with the gas companies is quite favourable and we can sit down with them and talk.

I am as sympathetic as you would be to using Ontario gas. When I was the minister, I was very anxious to enlarge on this, and in fact it was in those days that we started drilling in Lake Erie.

So I understand the problem, I would like to help and if you will come over and see me, Mr. Miller, we will talk about it and see what we can do. I know that is not the legislative solution to anything, but as Mr. Bossy has shown, by sitting down and eyeballing things with people you can often accomplish things that do not seem otherwise possible.

Mr. Chairman: Mr. Miller, would you allow some assistance from the table up here?

Mr. MacOdrum: Mr. Miller, I believe the problem with respect to Metalore Resources Ltd. and Place Gas and Oil Co. Ltd. is that Consumers' Gas and Union Gas are willing to purchase from these companies, but they want to pay for incremental volume the Toronto city gate price, less the demand charge because of the problem Mr. Macaulay was alluding to with their take or their pay. They are taking their contracted volumes from the producers. The producers want to sell them additional volumes, and they have said that if that is going to result in their having to pay additional demand charges to TransCanada Pipelines Ltd. as a result of their additional purchases, they should be paying only the city gate price less the demand charge.

It is not really an unwillingness of the companies to buy Ontario-based production; they are really having a dispute over the price of it. They are willing to buy as much as the producers can find and produce, obviously, if the price is right.

Mr. Macaulay: In fact, we were notified on November 26 that Union Gas had advised the local producers that, to use their words, Union Gas Ltd. is pleased to announce that it has sufficiently recovered its markets to the point where an oversupply of natural gas no longer exists.

I think the situation in the last few weeks has materially changed, but I do reiterate what I have said to you. If you come over, we will discuss it. If we can show any leadership in being of assistance to the local producers, we will be happy to do so.

Mr. G. I. Miller: I will have the other companies come over and deal; they can work up their own—

Mr. Macaulay: That is fine, sir.

Mr. G. I. Miller: What is the difference in the price? Do you have those figures?

Mr. MacOdrum: The actual amount of the demand charge is about 65 cents, Mr. Macaulay?

Mr. Macaulay: It depends on whether it is a monthly or an annual rate, but I think it is in the area of 75 cents.

Mr. MacOdrum: We are looking at a city gate price today of about \$4.03, so it would be 65 cents to 75 cents off that.

Mr. G. I. Miller: About \$3.25?

Mr. MacOdrum: Something like that; and then whatever the local delivery costs are and that sort of thing.

Mr. Mancini: Like many other hundreds of people across the province, I was fascinated with the takeover of Union Gas by Unicorp Canada Corp. I thought the advertisements that both companies took out and the slugfest they involved themselves in, whether or not they were for the benefit of the consumers, were at least very interesting.

I say honestly that I am sorry to see that Darcy McKeough lost his job over the whole affair—

Mr. Jackson: Those are alligator tears.

9 p.m.

Mr. Mancini: No, they are not. Darcy being from southwestern Ontario and Union Gas serving the area from Windsor to Hamilton, I believe he knows the area pretty well because of

his background in politics and because of the region he is from.

I am sure certain moneys were expended in this takeover. Unicorp is a holding company and it has other businesses under the umbrella organization. I was just wondering how careful you were in ensuring that the costs of the takeover, other than the buying price of the shares and their other business activities, are excluded from the price of gas.

Mr. Macaulay: We excluded them, sir.

Mr. Mancini: How much money were we talking about? Do you have any idea?

Mr. Macaulay: I would think it was somewhere between \$750,000 and \$2 million. It may have been more than that, but we made it so clear that in the end we just did not have any dispute about it. We just refused to let any item of that nature be reflected in the price charged to the customers. Mr. Cooke reminds me that the accounts have been gone over by auditors to be sure that not a penny was charged to the customer.

Mr. Mancini: But the auditors write some disclaimer at the bottom of the work, do they not?

Mr. Macaulay: They do if they think there has not been full disclosure, but I am not an accountant and I did not take a course in how to get out of being caught.

Mr. Mancini: I just thought it was some kind of disclaimer they used. There was quite a bit of concern, I will not say fear, in some parts of southwestern Ontario because of the takeover; that because of the nature of Unicorp Union Gas would change. There was fear that gas prices might go up unnecessarily and things of that nature; and that the business operations might change.

Since this has now been a fait accompli for some time, I wonder if you have noticed any of the concerns that were expressed at the time.

Mr. Macaulay: We have noticed the concerns and, frankly—perhaps other people will think this is not a correct observation—as a result of our hearing the Ontario Securities Commission got back in the act and required certain readjustments with reference to the shareholders at that time.

That is not particularly about what you are asking. You are asking about the direction of the company, the rates, the management and the quality. We are in the middle of a Union Gas hearing at present. My colleague, the chairman who is presiding on that case, is here; if you would like to speak to him you are more than welcome to do it.

We have seen no material change. We look at these companies very carefully. They are there under oath. We have been in this business 25 years and we have a pretty good handle on what must be disclosed and what must not. We are confident that the management of Union Gas is in competent hands and that there has been no change in the level of rates as a result of the takeover. In fact, rates have come down, but I do not think that is attributable to the takeover.

Mr. Mancini: I have not noticed it in my gas bills.

Hon. Mr. Kerrio: Before you leave that, what you are really saying is that it is charged back to the stockholders.

Mr. Macaulay: The cost of the takeover fight, Minister, was charged, in effect, to the shareholders. The bills had to be paid and the money could not come from the customers, so they were paid by the shareholders. They just receive less return on their equity.

Mr. Mancini: You are saying that Union is in the middle of hearings, so I assume they have come to you with a proposed rate increase.

Mr. Macaulay: Yes, that is right.

Mr. Mancini: What is their proposal?

Mr. Macaulay: Just a minute. When you say what is their proposal—

Mr. Mancini: What is their percentage increase?

Mr. Macaulay: I cannot tell you what it does to rates. They are alleging a rate deficiency of \$65 million. As you know, there is a very complicated matter involving Petrosar going back for a number of years. How much would be attributable to Petrosar?

Mr. Dean: The sum of \$55 million is attributable to Petrosar.

Mr. Macaulay: Thank you. This is Mr. Dean who is the chairman of the panel.

Mr. Chairman: Would you like to come up here, Mr. Dean.

Mr. Macaulay: Let us give these gentlemen the right information. This is Denis Dean, who is the chairman of the panel of three members which is hearing the Union Gas case.

You are our employers and our masters. I encourage you to realize that there is only a certain amount we should be saying while a matter is in front of us. There are laws of natural justice that hold us to certain very tight codes of ethics in relation to disclosure of matters we are hearing while we are hearing them.

Mr. Mancini: I am sure you will stop short.

Mr. Macaulay: I know he will, so I am not worried about it.

Mr. Mancini: I am going to fire away questions. I am hoping you will decide.

Mr. Dean: Mr. Macaulay took the words out of my mouth. Of that \$65 million, about \$55 million is due to the so-called Petrosar premium.

Mr. Mancini: Could you explain that?

Mr. Dean: Yes, I will. The remaining \$10 million is due to other increases, but \$55 million of the \$65 million is due to the so-called Petrosar premium. Union Gas has an agreement going back to 1974 for the purchase of what is called synthetic natural gas from Petrosar, which is, among other things, a chemical manufacturer. It sells synthetic natural gas to Union at a formula price, a formula based on the crude oil price reaching Petrosar, which is basically an oil refinery.

Mr. Mancini: Is there not a lawsuit over this?

Mr. Dean: Yes, there is.

Mr. Mancini: Was Union trying to get out of the contract?

Mr. Dean: No.

Mr. Mancini: Were they trying to buy their way out?

Mr. Dean: No. Union Gas and Petrosar are both in litigation one against the other in respect to that agreement and in respect to certain sums of money they owe each other.

Mr. Mancini: Is this a situation where Petrosar has the gas available and Union is not taking it?

Mr. Dean: No, Union is buying it. Union is taking it in accordance with the contract. It is paying for it at a price which, in Union's opinion, is greatly inflated compared to the going price of natural gas it might otherwise buy from Trans-Canada PipeLines Ltd.

Mr. Mancini: Was this negotiated in 1972?

Mr. Dean: No. It was signed in 1974 and came into effect in 1978.

Mr. Mancini: I assume the Ontario Energy Board approved that type of business activity at the time.

Mr. Dean: No. The energy board had nothing to do with approving the contract. It was not within the board's purview to approve or reject the contract.

Mr. Mancini: But it is in your purview to make sure that proper business is being conducted. If the monopoly utility is engaging the

company in all kinds of deals that may put the utility in a very adverse position in the future, I assume the energy board does look at that.

Mr. Dean: It does look at it, but it has no responsibility—

Mr. Mancini: You look at the business practice. That is what we have been hearing all evening.

Mr. Dean: The board has the prerogative to view the impact of the agreement on the going price of gas within the province. It has nothing to say about the arm's length contract that was negotiated in 1974 between these two parties. The price that was negotiated between the parties was not subject to the Ontario Energy Board's approval or disapproval.

Mr. Mancini: I understand that one particular agreement was not subject to your approval or disapproval, but your job, as I understand it, is to ensure that the utility gets a return on its investments. Secondly and adversely, it is to ensure that consumers, because of the monopoly situation, do not pay any more than they absolutely have to because of the business arrangements entered into by the monopoly.

Mr. Dean: The monopoly in this case is Union Gas?

Mr. Mancini: Correct.

9:10 p.m.

Mr. Dean: Petrosar came into business in the middle of the 1970s. Both Union Gas and Ontario Hydro entered into contracts with Petrosar to buy certain products from the company.

Mr. Macaulay: Could I interrupt to say this, so you can see the problem? From 1974 to 1977, it was estimated that we would be rationing gas in Ontario because there was a shortage. There was not enough exploration going on in the west. There was not thought to be enough gas coming here. Petrosar offered Union Gas a supply of gas reaching into the future at a price that was then pegged to the price of oil. In good faith, they entered into a legal contract in the 1970s to last into the 1990s.

Now it has turned out, halfway through the contract, that the price being paid is in excess of the price it could obtain if it bought that gas out west or from some other source. Having entered into a legally binding, honourable contract at a time when it was thought there would be a shortage, we have no authority, although the courts may have, to interfere with that contract.

We do have the authority to decide who should pay for that premium. Should that premium be

borne by the customers for whom management alleges it entered into the contract in the 1970s, or should it be borne by the shareholders? That is the extent of our responsibility. We have not yet faced that decision, although the panel may face part of it this year. At the moment, there are still negotiations going on between Petrosar and Union Gas as to the price in the future.

If this premium disappears, then it will not be up to us to determine who pays it. If the premium continues, we will have to make that decision. It is a very hard decision to make, because the contract was entered into many years ago with the best of intentions to protect and secure supply for customers of the company.

Was it bad judgement then? If it was good judgement then, do we believe in a society that walks away from contracts, honestly and honourably made when you needed the help, just because you wish, later on, that you had never bought it. It is like insurance. You are getting down to a point that is a very soul-searching problem. I am sure you empathize with it. It is a very hard decision to make.

When we know that there are no more mitigating factors or negotiations that can take place, a very hard decision is going to have to be made. It is a no-win situation from our point of view. We are charged with making it, and we will make it.

Hon. Mr. Kerrio: It exists with Ontario Hydro as well.

Mr. Macaulay: Ontario Hydro did exactly the same thing with Petrosar.

Mr. D. W. Smith: In these meetings about a week ago, I brought up that there was an article in the paper that Union Gas was going to drop its rates to its customers by about 12 to 20 per cent. Now you are saying there is about a \$65-million deficit.

Mr. Macaulay: No, sir, you must have misunderstood the president's announcement. The president of Union Gas said that with this new marketing concept, the negotiation of new long-term procurement programs and contracts out west, that will be in place by November 1, 1986, he felt that prices of gas in the Union Gas franchise area could be reduced by up to 20 per cent. That is if, as and when the negotiations work out as he hopes they will work out this fall.

The negotiations have not yet started; they come at the end of this interim transitional period brought about by the accord between the federal government and the western provinces.

Mr. Chairman: Mr. Mancini, are you finished?

Mr. Mancini: I just want to put on the record that I would hate the consumer to be in a lose-lose situation in which, if there is some relief by Petrosar in regard to the \$55 million, that goes to the shareholders, and if there is none, then the total \$55 million goes right to the consumer. I think that has to be taken into consideration.

Mr. Dean: If the \$55 million is shown to be the figure, it is a question for the board to decide whether it should devolve upon the ratepayers or shareholders. Just because it is proved to be a figure incurred by Union Gas to buy gas, it does not follow that the board will automatically say it should be borne by the ratepayers. It is a matter of our decision to say who shall bear it.

Mr. Macaulay: Could I add this? Historically, in North America, where regulation of natural gas really developed, the concept basically has been that regulators do not interfere with the management prerogatives of distribution or transmission companies. In the event that they decide a contract has been imprudent and should never have been entered into, then the consequences of it would be charged to the shareholders.

Traditionally, if the contract was entered into in what are perceived to be conscientious, honest, honourable expectations in the market, then normally the costs and consequences would be charged to the customers, because the business is basically conducted for the purposes of the customer and the shareholder, and management would be left alone.

Our problem is that hindsight is infinitely superior to foresight. This is a problem the nuclear industry is facing in the United States, where it would have been marvellous, in one sense, if the shortages had come about. This problem never would have arisen. However, the shortages did not come about. Thus, you could make strong arguments on both sides. That is really all I can say.

It is our view that the contract was entered into under certain circumstances and we have to make an assessment of how the consequences of that should be borne. I have no doubt that the Legislature and the government will be asked to consider what we have done when we have done it. It is a very tough problem. It is difficult to say whether we will face it this year, next year, the year after or whenever. I do not know what Mr. Dean's panel has decided, but it is going to have to be faced and it is a very major problem involving \$500 million to \$600 million.

Mr. Mancini: Let us talk about the worst-case scenario.

Mr. Chairman: Mr. Mancini, could I interrupt? I am concerned about the time this evening. We still have to hear from the Ontario Energy Corp. and the special adviser to the Premier.

Mr. Mancini: Do you mean they are going to get off scot-free?

Mr. Chairman: No, that is not the point at all. We should wrap up the discussion with the Ontario Energy Board, and we still have Mr. Jackson. I think the committee would appreciate it if we could wind up this part of the interrogation.

Mr. Mancini: I shall do that right away. I just want you to know that in the southern part of Essex there are some very heavy gas users, in particular the greenhouse industry. They are paying phenomenal energy costs right now. I guess their insurance—

Mr. Jackson: Why not save your questions for the Ontario Energy Corp. if you are directing questions in that area?

Mr. Mancini: I am quite concerned about the future viability of that industry.

Mr. Macaulay: We are too.

Mr. Mancini: That is why I am pressing these questions. Because of the chairman's intervention, I will forgo my other questions.

Mr. Macaulay: I hope we will both be back next year at this time.

Mr. Mancini: I can tell you something for sure.

Mr. Macaulay: Let us talk about it then. I hope it will not be as bad then as it seems to be at the moment.

9:20 p.m.

Mr. Jackson: I have a series of short questions. I shall try to keep them brief. Mr. Macaulay made reference earlier tonight to "not probing around in everyone's affairs" because of the board's limited capacity in certain matters. Yet in the highlights of the annual report of the Ontario Energy Board, I read a reference to monitoring and surveillance of utilities. That phrase intrigues me. What does surveillance of utilities imply?

Mr. Macaulay: Regulators work on history or forecasts. One problem with working with history is you are always running behind the clock during inflationary periods, so several years ago we turned to the forecast year. Gas utilities make forecasts for us of what they think will be their revenue, income, profit, etc. We question that very closely, and then we fix a rate. We monitor each month to make sure those

forecasts are actually being reached and the company is not earning more than it said it would.

If we find it is, we say, "Come on in here, buster. We have to talk to you." At the most recent hearing of Union Gas—and Union Gas was not that happy about it—we said, "We think you are earning over by far the amount we fixed for you in our last hearing. You come in and tell us. We want to look at it." That is exactly what happened. That is how we monitor. We monitor through our computer by comparing their performance with our knowledge of how they are doing at the moment.

If they are making more than they said they thought they would or than we calculated, we require them to come in and we change their rates in a downward direction. Conversely, if we find they are underearning and could be risking the financial security of the system, we may require some other adjustment.

When I spoke to Mr. Bossy about not interfering with areas not in our jurisdiction, we do not have the jurisdiction to go out and say, "We think you ought to do this. We think you ought to do that." Rates of gas companies are our duty, and we watch them very carefully.

Mr. Jackson: Do you see the jurisdiction you are referring to being transferred to public utilities?

Mr. Macaulay: I am sorry.

Mr. Jackson: To municipal utilities.

Mr. Macaulay: There are only two or three gas utilities. Our board only deals with gas.

Mr. Jackson: I am aware of that. I guess I am jumping ahead with the question. With the debate that has been going on and the discussion about changing the board's role in setting Hydro rates, do you foresee the ability to get involved in that same type of surveillance—

Mr. Macaulay: For electrical rates?

Mr. Jackson: For electrical utilities?

Mr. Macaulay: At present, we only have the responsibility, I am sorry to say, of reporting once on an event. We have no continuing obligation to make sure that what we were told or found out at the hearing is being realized. Therefore, we do not monitor in any way Hydro's performance against its forecasts. We do with the gas companies.

Mr. Jackson: I appreciated reading your annual report, but I fear that in your closing statements you raise as many questions as you answer about the changing role the board is going through. While we have the minister present,

might we get a more definitive statement from him as to when we might get some statement on the ability of the Ontario Energy Board to set Hydro rates as opposed to examining them, since this was something he and his leader talked about in the past.

Hon. Mr. Kerrio: My discussions in the past relating to this very subject had to do with looking at it in a different fashion. I think my comments are as legitimate today as they were then, and that is without full input it could not be done. The board is able to pursue in examining all the ramifications of natural gas producers and distributors; if it could not go into that depth with Ontario Hydro I did not think that it could set its rates.

In order to respond to the question, I think there would need to be changes in the Ontario Energy Board Act. As for now, I am not prepared to put forward what we might be thinking of in changing the act or involving ourselves with a different setup from what we have now in relation to Ontario Hydro.

It was said it needs examination. I think one of the first steps we would take would be to look to our committee to provide some direction along those lines. One reason we restructured the committee was to give it the kind of input we had lost for a while.

Mr. Charlton: Do you mean a select committee?

Hon. Mr. Kerrio: Yes. I suggest that would be a very meaningful involvement of the committee. Right now, I cannot tell you what policy might be suggested for the future.

Mr. Jackson: Are you saying now that your position as the minister is one in which you would—

Hon. Mr. Kerrio: No. I said my position as a critic. My position—

Mr. Jackson: I am aware of your position as a critic.

Hon. Mr. Kerrio: —as a minister is entirely different.

Mr. Jackson: I am painfully aware of that. I enumerated those differences in my opening statement.

Hon. Mr. Kerrio: You are perfectly right in putting forward your comments on what you think should be done; as I did. As I said, I still feel there has to be a change. At this time, I cannot suggest what it would be.

Mr. Jackson: Now I am more confused than ever about your position.

Hon. Mr. Kerrio: That is what I meant to do. Can you imagine: we put up with this for 42 years.

Mr. Jackson: I get this in the House, Vince. Why am I getting it here?

Hon. Mr. Kerrio: I was confused for 42 years.

Mr. Jackson: Are you aware of anything contained in the recommendations and amendments to the act which Mr. Macaulay will present to you in 30 or 40 days? Is there anything you have instructed the board to consider that has to do with the important issue of whether the board would have responsibilities in setting Hydro rates?

Hon. Mr. Kerrio: No, I have not instructed the board in any way. I am looking forward to the kind of direction it might ask us to take. I am looking forward to input from the board. In the time we have been involved, I think we could hardly be expected to come forward with major changes in an area that needs to have real in-depth involvement first. I do not think that is reasonable.

Mr. Jackson: Considerable concern on this issue has been expressed by OMEA and its member utilities. Most recently, I received a letter from Thunder Bay Hydro that made reference in part to this issue. More important, it made a suggestion that an Ontario Energy Board hearing be held to determine the best method of setting municipal end-use electricity rates. Could you advise how you are responding to these types of letters?

Hon. Mr. Kerrio: I will answer that after I answer your original question.

There is considerable difference between the energy board's responsibility as it relates to the profits a company with a monopoly is going to be able to take because it is a monopoly and Ontario Hydro that has a mandate under the power of the Corporations Act to produce power at cost for the citizens of Ontario.

When I commented about the reason the Ontario Energy Board is not asked to set rates for Ontario Hydro, I took into account that Hydro performs that task itself. That is, Hydro provides utilities at a cost that is fair. We are not involved with a monopolistic group that has a profit motivation. I think there is a considerable difference.

9:30 p.m.

I do not think my comments have changed at all from when I was sitting on the other side. I

would not expect that we could look at them in the same light. I have not changed in that regard.

If you are suggesting that down the line you can alter the utility prices, are you suggesting that if we undercharge for the cost of producing hydro we should go to the consolidated revenue fund to pay the difference? That is what you are suggesting and I am not prepared to do that.

I am prepared to look at the act to make certain it is functioning the way we think it should. I am looking for one thing that is very important to me as Minister of Energy: to add a dimension to Ontario Hydro that perhaps should be properly added, to say we are not only to provide it at cost to the users of Ontario but also at the best possible cost. As I suggested, I am looking for useful input from the board and from the committee. I will take it into account.

Mr. Chairman: Mr. Macaulay, on behalf of the committee, I thank you and Mr. Cooke for appearing. The next group is from the Ontario Energy Corp. Mr. Rowan, yours is a familiar face before the committee.

Hon. Mr. Kerrio: Members of the committee, I would like to introduce Malcolm Rowan. He and the staff he has brought with him are going to answer any questions you might have in relation to the Ontario Energy Corp. He is here to put forward the position of that corporation and to answer any questions committee members have.

Mr. Rowan: Thank you for the opportunity to be here this evening. I do not have an opening statement. I think the minister, our shareholder, in his opening statement a few days ago made a very explicit statement of the intentions of the government with respect to the Ontario Energy Corp.

I have with me this evening a number of members of the corporation. Sitting next to me on my left is Wayne Brush, vice-president of Onexco Oil and Gas Ltd., which is a subsidiary of the corporation. I will be very happy to answer any questions of the committee.

Mr. Haggerty: The chairman of the Ontario Energy Board mentioned something. I have a question about the matter of provincial royalties. Are there any provincial royalties on pipelines that yield the Ontario government some revenue? Does it pick up any royalties?

Mr. Rowan: I am not aware of any royalty the federal government may be imposing on it or that the Ontario government may be benefiting by. We are not involved in that at all.

Mr. Haggerty: I thought that as you are with the Ontario Energy Corp., you would be familiar with the area of royalties. I notice the province picks up a royalty on gasoline. I wondered whether there was a royalty on natural gas.

Hon. Mr. Kerrio: I think Mr. MacOdrum will be able to answer that question.

Mr. MacOdrum: Natural gas is produced in Ontario in two basic locations. The first location is under Lake Erie. In the case of Lake Erie production, the owner of the mineral is the province. A royalty is charged for the production of natural gas under Lake Erie. About two-thirds of the gas that is produced in the province does come from Lake Erie.

The rest of the natural gas that is produced in Ontario is produced onshore. The royalty is collected by the land owners who lease the mineral rights to oil- and gas-producing companies. The royalty is paid to the land owners.

TransCanada PipeLines Ltd. carries gas from western Canada. A royalty is paid on that gas in Alberta, where most of the gas comes from. Most of the royalty is paid to the government of Alberta, because most of the mineral rights are owned by the crown in the right of the government of Alberta. Some of the gas is produced on lands which are privately held and the mineral rights are privately held, and for those, the royalties are paid to the private land owners. That is, by far, the smallest portion.

Municipalities do charge taxes to TransCanada PipeLines, so TransCanada does have a significant municipal tax bill which is paid to municipalities in Ontario.

Mr. Haggerty: That is done for assessment purposes, as with any other transboundary utility line.

Mr. MacOdrum: Yes, but there is no provincial tax on natural gas in the province that goes through the trans-Canada pipeline or is sold by the distributors, except for the royalties for that small portion of the gas—about two per cent—which is produced in Ontario.

Mr. Haggerty: The province does not tap on the pipelines from western Canada and say we are going to get a royalty back.

The question then comes back to the provincial royalty tax that you are collecting on the gas exploration in Ontario.

Mr. MacOdrum: In Ontario, it is about 12.5 per cent. It is very low by comparable standards.

Mr. Haggerty: There was a decision of the Supreme Court of Canada about the municipality of the townships of Wainfleet, Sherbrooke and

Moulton. They had indicated that the title to that land under the lake goes right to the international boundary. Is there some question about the rights to that royalty? Should it not revert back to the municipalities?

Mr. MacOdrum: I would have to ask the minister, wearing his hat as the Minister of Natural Resources, because it is in that respect that those lands are administered.

I suspect there is no dispute with respect to the ownership in the minds of the Ministry of Natural Resources.

Hon. Mr. Kerrio: Some of the arguments that came up were related to riparian rights that existed from grants that were given by the crown many years ago. There has been a great deal of dispute about it, as relates to that right. I am not sure it ever existed out to the international boundary line, but until someone proves differently, I would think the ministry has considered those as lands belonging to the province and very appropriately would have whatever royalties are due paid to the province of Ontario.

Mr. Haggerty: Is that a legal opinion you are giving us? Nobody from your legal staff—

Hon. Mr. Kerrio: No, that is my opinion. Since I lost my Queen's counsel, it does not mean all that much.

Mr. Haggerty: I draw that to your attention. The decision was handed down that the municipalities had ownership to the international boundary line.

Hon. Mr. Kerrio: They have every right to make that claim. That is a fact in our country. As long as we are claiming it, they would have to prove their case. That is where it is at right now. Until such time as they decide to take it to the courts, if they so choose to do, we will continue collecting the royalties and treating it as our land.

9:40 p.m.

Mr. Haggerty: The second question is to Mr. Rowan. Over the last couple of years, the provincial government of that day had provided additional funding of \$14 million or \$16 million, quoting round figures, on a matter concerning the development of the Polar Gas Project pipeline.

What stage are we at with that now? Do we have an investment in that proposal up in the eastern Arctic islands? What benefit is it in the long run for Ontario, particularly northern Ontario, if we can get some of that cheap gas down there?

Mr. Rowan: At present, the province has about \$19 million invested in that project, beginning back about 1975. The minister indicat-

ed in his statement that the province intends to discontinue funding the Polar Gas Project. My understanding is that disengagement from the project will take place after the first quarter of 1986.

The stage of the project is that the proposed pipeline would come down the Mackenzie Valley from the Mackenzie Delta. There is a sufficient volume of gas in the delta at present to sustain a pipeline that would bring about 800 billion cubic feet of gas a year down from the Mackenzie Delta. The primary market would still be the United States.

The benefits to Canada would be that, once that pipeline is built and paid for by the exported gas, any supplementary supplies that central Canada, or Canadians generally, might require would be available. They would not have the high cost of investing in a pipeline that would cost in the neighbourhood of \$2 billion to \$3 billion.

The expectation is that an application will be made to the National Energy Board some time this year by Esso Resources Canada Ltd., which has the largest reserves of natural gas in the area of the Mackenzie Delta and near-shore Beaufort Sea, to begin producing the gas some time in the early 1990s, again for sale primarily to the US market. It will require a transportation system, and that is what the Polar Gas Project is all about.

Mr. Haggerty: In other words, you are telling me we are going to drop it. We have \$19 million in paper assets that means nothing. There is no return for the investment at all. Are there any assets we can capture out of this, or has another \$19 million gone down the drain? That is what you just indicated.

Mr. Rowan: That is not the interpretation I would take from my comments or from the statement made by the minister. The original agreement with the PGP suggests that any partner can at any time freeze his investment in the project. At the time the project is built, assuming the project is built, he will get either the cash or equity in the project.

Mr. Haggerty: Are there any tangible assets at all or equity within the \$19 million that has been spent already?

Mr. Rowan: At the current time, there are very few tangible assets according to the definition you are using.

Mr. Haggerty: So we just have a line on a map and say this was our \$19 million.

Mr. Rowan: It goes further than that. It is not easy to build a pipeline in permafrost using the technology we would use in southern Ontario.

Mr. Haggerty: But they already have a pipeline down to that area now from the north. The technology is there.

Mr. Rowan: There is an oil pipeline from northern Alberta to Norman Wells. That pipeline was built in the last couple of years. Keep in mind that the Polar Gas Project was conceived back in 1972 and 1973 at a period when, as Mr. Macaulay stated a few moments ago, there was great concern for the supply of natural gas.

Very serious consideration was given to allocating natural gas to consumers in Ontario. In the case of gas of almost any kind, whether it was synthetic natural gas produced by Petrosar or gas from the Arctic islands, projects were seriously considered and people invested a lot of money and time in the security of supply for consumers in the future.

As Mr. Macaulay said, hindsight is great. There is 20:20 vision, but we do not all have the luxury of that when we are projecting into the future and the near term looks very bleak. Those were the conditions that existed in the early 1970s.

Mr. Haggerty: Is there any other exploration or investment by the Ontario Energy Corp.? Have large sums of money been spent? Have any of your investment people had any returns to date?

Mr. Rowan: I would like Mr. Brush to describe some of the oil and gas—

Mr. Haggerty: Can we look for some return on the investment?

Mr. Rowan: Yes, sir.

Mr. Haggerty: In what areas?

Mr. Rowan: I would like Mr. Brush to describe some of the investments and prospects here in Ontario. These investments were started in 1982 and have been going on since then. In 1982, few companies were prepared to make investments in Ontario. Many of the large oil and gas companies were leaving Ontario. There was great demand and great concern by the oil and gas supply industry.

Mr. Miller talked earlier about the concern for loss of jobs in the gas exploration industry here. That was very much on our minds in 1982 and we made an investment. I will ask Mr. Brush to summarize what has happened since then.

Mr. Brush: We put together two separate joint ventures beginning in 1980. The first was with Canadian Occidental Ltd. out of Calgary, and Petro-Canada. In 1983, we put together a second joint venture with Consumers' Gas Co. Ltd., based in Ontario. Through an association

they had with Pembina Resources Ltd., they were also a partner in our joint venture. To the end of 1985, we have drilled 42 wells in Ontario.

Mr. Haggerty: Was that Consumers' Gas?

Mr. Brush: Of those, 39 were with Consumers' Gas and Pembina. We now have a fairly healthy production flow out of a major discovery we made in the Leamington area about the end of 1984.

Mr. Haggerty: What dollar value are we looking at? What are we looking at in numbers?

Mr. Brush: Our share of that investment is throwing off gross revenue in the order of about \$1.5 million per year now, with production expected to increase throughout 1986. We can probably look to have a fairly substantial return on our investment. At \$1.5 million per year, we can probably pay out what we have put into total investment in Ontario in a little more than two years.

Mr. Haggerty: You have a good investment in that area.

9:50 p.m.

Mr. Brush: I would say so. We also invested in western Canada in 1983. At that point, there was a fairly significant downturn in the industry and the venture capital market pretty well dried up for a lot of the smaller companies. We put together two joint ventures. Through the end of 1985 we have drilled more than 100 wells in western Canada. Our share of production from western Canada currently is in the order of about 500 barrels a day.

Mr. Haggerty: You are talking about oil.

Mr. Brush: Yes. We have some gas production in the west too. That is showing off a fairly healthy cash flow too, and I would think the payback on the investment—I have not done the current calculation—is probably in the same order of magnitude as Ontario. It has been a very good investment for us.

On the frontier, through Trillium, we have a 66.7 per cent interest in Trillium Exploration Corp. which is based in Calgary. The other third is held by Suncor. That company was set up in 1982, and to the end of 1985 we have participated in 45 wells through Trillium.

Mr. Haggerty: Are these gas or oil?

Mr. Brush: These are gas and oil and they are all in the various frontier areas of Canada—Mackenzie Delta, the Arctic islands, and offshore off the east coast in Newfoundland and Nova Scotia. We have 24 discoveries. While

none of those is currently in production, we have discovered fairly large reserves in those wells.

Mr. Haggerty: Why would you go up into the Mackenzie area if you are not going to have a pipeline to bring it down?

Mr. Brush: The notion was that when the economics became attractive, the transportation system would be put in place. We were exploring for oil and gas and, as you mentioned before, there is an oil pipeline to Norman Wells, which is about 300 miles south of the Mackenzie Delta. Extending that oil pipeline is not a significant engineering feat.

Mr. Haggerty: We are looking at some long-term results on this, then?

Mr. Brush: Esso is the major operator in the area and is talking about oil out of there in the 1990-91 period, so four or five years from now there would be some significant cash flow to Trillium.

Mr. Haggerty: Are you going to move the oil by ship?

Mr. Brush: No, they will probably pipeline it. They have looked at various pipelining alternatives up there.

Overall, since 1982 we have participated in approximately 190 exploration and development wells in Ontario, western Canada and the frontier, which is a fairly large exploration program.

Mr. Chairman: Mr. Haggerty, I wonder if you would allow Mr. Charlton to ask a question?

Mr. Charlton: Mr. Rowan, you mentioned in your opening remarks that the minister had made explicit comments in his opening statement about the future of OEC, and I did not take the minister's comments as very explicit at all.

I will quickly read them to you. "The venture capital and other investments of the Ontario Energy Corp. will be examined individually and either retained or disposed of as appropriate. In addition, James Bay mineral exploration will no longer be carried out by the corporation. In fact, my expectation is that the OEC will be wound down over the next six months or so."

A whole pile of questions comes out of that. Saying on the one hand that assets will either be retained or disposed of, where are we in terms of determining those questions?

Mr. Rowan: Right now, we are at a review stage with the Ministry of Energy. The ministry is examining the policy it wishes to use—if you will, the criteria it wishes to use—with respect to each of the venture capital investments the Ontario Energy Corp. has. Once that policy has

been identified and made known to the corporation, the corporation will act on the policy direction it receives from our shareholder, who is the Minister of Energy.

Mr. Charlton: That raises a question for me. You are saying to me at this point that you are not aware of whether the minister's statement that the OEC would be wound down over the next six months means wound down totally or wound down to a smaller size. Exactly what does that statement mean to you at this point?

Mr. Rowan: It could mean one of the things you have just mentioned. It will depend upon what is prudent and appropriate on the basis of the ministry's review. It could well be that some of the investments we have will be sold, it could be that some of the investments will be retained or it could be that some of the investments will be transferred to another agency within the government or to the Ministry of Energy. These are all options that are available to the government.

My understanding is that a determination still has to be made about which of those options will be chosen.

Mr. Charlton: So you may not know until the last minute whether you exist or do not exist.

Mr. Rowan: I do not think of it in those terms. We are working with the ministry.

Mr. Chairman: This was not a personal question.

Mr. Charlton: I was referring to the OEC.

Mr. Rowan: We are working with the ministry on the determination of the appropriate alternative.

It has always been our practice within the Ontario Energy Corp. to look at each of our venture capital investments as it evolves with the objective of selling that investment to the private sector, usually our venture capital partner, at such time as the investment reaches a mature stage. We have done that.

You may be aware of a recent investment, Energreen Enterprises Inc. in Ramore, Ontario, that we sold to our venture capital partner, a very successful tree-seedling venture using waste heat from the TransCanada PipeLines Ramore natural gas generating station. Another example is our Ontario van pooling. After we completed our demonstration, we sold the vans to the drivers.

The process we are going through right now is part of our normal rationalization process, perhaps speeded up as a result of the government's views about privatizing as much of the operation as possible.

Mr. Charlton: It is somewhat different from the normal operation of the Ontario Energy Corp. You are saying to me that the normal operation is to invest and then, at the appropriate time, to sell, but as a part of the ongoing operation of the OEC. What is being implied in the minister's statement, at least in part, is that this might be a new situation.

Perhaps I should switch to the minister here. I do not suppose he is in a position to give us a definitive statement today about his intentions for the Ontario Energy Corp. Is it your intention to wind it down totally? If you retain some of its assets, will it remain to manage those assets?

Hon. Mr. Kerrio: I will be as definitive as I can, and I say that with the greatest respect.

It is obvious that at a time when it may have been appropriate to make some of the investments, many of us would not have quarrelled with them. The circumstances that exist today certainly have changed things considerably. Mr. Rowan has said it precisely the way I would say it. In winding it down, we can either retain or dispose of some assets, as is appropriate. I suggest that in the retention of some assets we would have wound down the whole involvement of the energy corporation to some degree, but there is a possibility then that it could still function on a smaller scale.

10 p.m.

That is why in some instances Mr. Kruger has been taken on board as a special assistant to the Premier to decide which of those might be appropriate to dispose of or wind down. It will all be part of the policy that we will put forward over the next short while.

Mr. Charlton: Can you tell us when we might expect to see that policy as it relates to the Ontario Energy Corp.?

Hon. Mr. Kerrio: The policy is already in place. We have begun to wind down and dispose of some of the assets as we feel appropriate.

Mr. Charlton: I presume you are going to be making a statement at some point about the decisions you have made, those assets that will be disposed of, those assets that will be retained and the form in which they will be retained.

Hon. Mr. Kerrio: We have already made the policy very clear. We, as a government, plan to dispose of our direct investments in some of those areas. You cannot be more plain than that.

Mr. Chairman: Mr. Charlton, I wonder if you would allow Mr. Jackson to have a question. We do try to make sure there is a rotation and we

were also hoping to hear from Mr. Kruger before the evening is over. We must adjourn at 10:30.

Mr. Jackson: If I understand the minister clearly, he is leaving the door open to completely wind down and eliminate the Ontario Energy Corp.

Hon. Mr. Kerrio: Say it again. I was talking to Mr. Charlton.

Mr. Jackson: You have left the door open for your option to completely wind down the Ontario Energy Corp.

Hon. Mr. Kerrio: Yes.

Mr. Jackson: Given the other point you shared with Mr. Charlton and myself, that you did not even feel it necessary to have the Ontario Energy Corp. come to estimates, this may be the last opportunity we have in estimates to discuss certain matters with Mr. Rowan.

Mr. Rowan, you have my sympathies. It is like attending your own funeral.

Hon. Mr. Kerrio: I do not think that is a fair comment at all.

Mr. Mancini: He is a survivor.

Mr. Jackson: Why not? The minister has made references to the death certificate. Why not allow Mr. Rowan an opportunity to—

Mr. Chairman: Order. Let Mr. Jackson pursue his questions.

Hon. Mr. Kerrio: I do not think that is a fair comment. I stand by what I say.

Mr. Chairman: Order. Mr. Jackson, please continue.

Mr. Jackson: Mr. Rowan, you may wish to participate in your own eulogy. Perhaps you could respond by telling the committee whether you feel the objectives and the goals of the corporation still have some relevance to Ontario's future energy needs.

Mr. Rowan: The Ontario Energy Corp. is set up under the Ontario Business Corporations Act. The Minister of Energy is the sole shareholder. I am the chief executive officer of the corporation and when the shareholder decides what he wants to do with an investment, I take my orders from him and from the board.

If the policy of the shareholder is to use the assets that have been invested in the corporation in another way, that is the final decision. It is not for me to question or quibble with that decision. It is a business decision, it is a policy decision and I abide by it.

Mr. Jackson: You have been before estimates several times, speaking in a very positive way about the role of this corporation with respect to

the energy needs and the role for this government in preparing for those energy-related concerns in the future. I recognize your timidity in responding to that question.

I will very briefly ask the minister some questions about what he expects to do with some of the goals that were established by the Ontario Energy Corp. Where are you going to pick those up within your ministry?

Hon. Mr. Kerrio: Those goals were not set by the Ontario Energy Corp. Those goals were set by the last Conservative government and we do not agree with many of them; such as Suncor, it is gone.

Mr. Jackson: We are not talking about Suncor here.

Hon. Mr. Kerrio: I want to do it my way now. Suncor is going. The ones that we do not think have any future, or that we should not be speculating in with taxpayers' money, are going to go. We have brought a man in who is going to see to it that we get the best return when we get rid of those. That is our policy.

Mr. Gordon: Like the Urban Transportation Development Corp. in Thunder Bay.

Hon. Mr. Kerrio: Whatever.

Mr. Gordon: It does not matter about the—

Hon. Mr. Kerrio: When you were here you ran the show the way you saw fit and we sat here and quarrelled with you. That is your role now. We are going to set the policy.

Mr. Gordon: You do that to UTDC in Thunder Bay and you will not get any votes in the north. You are going to lose a lot of jobs up there. You had better do some thinking.

Interjections.

Hon. Mr. Kerrio: I really do not think UTDC has a thing to do at this table. Put your wheels on and go to the next estimates.

Mr. Chairman: Mr. Gordon, you are going to lose the opportunity to talk to Mr. Kruger tonight if you do not allow Mr. Jackson to complete his questions.

Mr. Gordon: Go ahead.

Mr. Jackson: What about the hydrogen systems that are being wound down? Is there no life expectancy for that?

Hon. Mr. Kerrio: Did you really examine the whole circumstance on that issue? The fact is that we put seed money in, the federal government put seed money in, and that institute was going to stand on its own feet in a reasonable length of time. That has not happened.

Your government saw fit to pursue those things when there was no return to be seen. We do not intend to do that. It is straight, reasonable use of the taxpayers' money. I do not quarrel with your comments about it, because there are those who think we could keep all those things going. We just do not think it is possible. I say that with the greatest respect to your question.

We are examining all of those things. It appeared at one time that we had all the money we ever wanted to do anything we chose to do. It is just not quite true. We have to make some very difficult decisions, and we are prepared to do that.

That is one of them. They did not, in fact, perform to the point where the private sector was going to come in and maintain that institute. The feds backed out. Your buddies down in Ottawa will not come up with any money. So here we are. We do not think we can carry it on our own, and there are better things we can do with the money we were using there.

Mr. Jackson: My question had more to do with the specific response about which of the activities of this corporation would, in the minister's opinion, be worth while to pursue. Today we received a statement that somewhere within your ministry are various people setting policy. At no point have you articulated what activities of this corporation you feel will be relevant for the next five, 10 or 15 years to help meet Ontario's future energy needs.

If there are not private sector partners, then there is a role for government to do some exploratory research work, especially in the areas of conservation and renewable resources. That is something my colleague in the New Democratic Party keeps talking about at great length.

Within the context of estimates you should provide something a little more definitive than a lukewarm, fuzzy policy statement about something going on back at the Whitney Block without giving us some clarification.

Hon. Mr. Kerrio: How can one be less fuzzy than to say we are going to unload Suncor? Is that fuzzy?

Mr. Jackson: We will talk about Suncor in a moment. I am talking about all the other activities of this corporation.

Hon. Mr. Kerrio: I am talking about the other issues. We are going to wind down those things we do not feel have that much future in the policy of this government. You have mentioned another one. We are winding it down. You cannot be more specific than that.

Mr. Charlton: When will you tell us what those things are?

Hon. Mr. Kerrio: I have told you already, Suncor, the hydrogen systems. There are other areas we are looking at.

Mr. Charlton: That is what I am interested in, the other areas.

Hon. Mr. Kerrio: Some of them are going to be brought on stream for examination. I think that is being very responsible. You bought them one at a time.

Mr. Jackson: Come on.

Hon. Mr. Kerrio: You did. Who the hell do you think bought all these goofy deals?

Mr. Chairman: Mr. Jackson, go ahead, one last question.

Mr. Jackson: Mr. Rowan, you were around for the acquisition of these shares of Suncor in 1981, was there any independent appraisal done with respect to their value?

Mr. Rowan: Yes, there was.

Mr. Haggerty: Treasurer Frank Miller said no.

Mr. Jackson: What, essentially, was the verdict on their value at that time?

10:10 p.m.

Mr. Rowan: You may recall that at the time McLeod, Young, Weir Ltd. was engaged by the government; and Price Waterhouse Ltd. was also engaged to do a verification of the McLeod evaluation. The price range set, and the price that was subsequently negotiated, was \$650 million. That was based on the assumptions at that time with respect to world oil prices, the availability of crude oil on the world market and the rather gloomy picture that was being painted. There is no doubt that conditions have changed since then.

Mr. Chairman: Thank you, Mr. Jackson. Unless there is strenuous objections from the committee, I would like to thank Mr. Rowan and Mr. Brush for appearing before the committee. We appreciate your contribution and ask Mr. Kruger to appear before the committee. Thank you very much.

Interjection.

Mr. Chairman: Do you have a point of order, Mr. Mancini?

Mr. Mancini: If he turns my mike on you will get it. I would have hoped you would have allowed me a question or two, but since we are pressed for time I will not disrupt the committee in any way.

Mr. Chairman: Thank you, Mr. Mancini. I am sure the rest of the committee appreciates that.

Mr. Charlton: You are on the government side now—

Mr. Chairman: Mr. Kruger, welcome to the standing committee on resources development. You can see that the committee has been trying to dispose of other questions in order to get to you.

Mr. Kruger: It is a pleasure to appear before your committee.

Mr. Haggerty: Does Mr. Kruger have an opening statement?

Mr. Kruger: Mr. Kruger really does not have an opening statement. I was asked to appear here this afternoon so I phoned my wife and said, "I will not be home." So I am here.

It might be instructive if I shed some light on the stage we are at, within the limits of the confidentiality agreements I have signed, to which I am subject.

You must look at Ontario Energy Corp. in three distinct parts. First, there is Suncor, that is Ontario Energy Resources Ltd. As this committee knows, we have already disposed of the note. We brought that to current value, negotiated it up with the Sun Co. Inc. and were able to save some money in the future on that.

With regard to the shares of Suncor, we have finally negotiated confidentiality agreements with the Sun Co. of Radnor, Pennsylvania. They have just recently been signed, and Dominion Securities Pitfield Ltd. are now in the process of assessing what they believe the value to the shares will be. They will produce, in the fullness of time, an opinion. That opinion will probably be a two-page effort that will say the value of the shares is this and this under certain circumstances.

We will also have the opportunity to talk with them. One of the things they are going to have to try to assess, as you have heard from Mr. Rowan, are decisions people made at a point in time. I come to this committee without any baggage. I am just looking at the conditions as they are today, making no judgements on the past, trying to get to the future. What is the best advice we can give the government with regard to the disposition of the shares? We will be very interested in looking at the data files of Suncor to try to make that determination.

The second aspect of OEC that you must look at is, of course, Onexco Oil and Gas Ltd. and Trillium Exploration. As Mr. Rowan has said, you reach a point in time where investments

become mature. There is a time to consider very seriously the disposal of them. We are now in the process of attempting to see if we can make the best possible deal we can on those assets.

Onexco is conventional oil and gas, which people are more familiar with, but you heard some of the remarks about how there are some difficulties with some of the individual ones. Then there is Trillium, which of course is the frontier lands. There are further investments. If the government holds on to them there are some very considerable investments that would have to be made over time, and there is a question of when you would get the payoff.

We are looking at those things. We have attempted to find some merger partners. The best of all worlds in these things is to be able to get some cash and then merge, because there is a long-term payoff well into the future after the pipelines are built and so forth. I do not know if we will be successful in that, but we have financial agents, Burns Fry Ltd., who have just been engaged.

We are now aggressively pursuing the question of the alternatives. We are looking at either Onexco by itself, Trillium by itself or a combination of the two. We have not been particularly assisted, I might add, in Trillium, because of the write down that our one-third partner in that, Suncor, has just made on those assets. They have just written them down.

The third aspect, and that has been the discussion here, is the Ontario energy ventures. As Mr. Rowan and the minister have indicated, we are systematically going through each one of these. Some are mature, some it may make a lot of sense to retain. In some cases we will try to sell them to venture partners. The Ministry of Energy, of course, is going forward with its own policies as to what else to do in the future. There may or may not be a role for venture capital.

It would appear it was probably the right thing to do at a period of time in the past, however, today when you look at these things, you are probably better off to think of it in terms of loans, or a straight grant in some cases, and let the private sector do it that way. Once you get into the venture side of it, the great difficulty is not only your investment criteria but also your divestment criteria. You have to be very careful about that, otherwise you can get locked into a lot of costs. We are in the process, then, of looking at those individually.

I would expect, in the case of Suncor, that we will not have the value of the shares until towards the end of February. There will have to be a

judgement made as to the various alternatives. Should you hold onto them? Should you not? Of all the times to do a review, this is probably the worst time.

I do not know if you saw the market today, but the turnover of the Gulf Canada shares—and they have already dropped—is the greatest in their history. That is due to two reasons: people trying to get in on the act before Olympia and York Developments Ltd. take over, hoping to make some killing; and people unloading who think there is very little future in it. The long-term prospects are not good.

On the positive side, however, most of the large companies have taken into consideration these possible trends. There may be some pick up later on in the year. We are not sure. We are analysing that very carefully.

With regard to Onexco and Trillium, we are getting into a process that could be at least 60 days away before we would know where we go on those particular assets. The Ontario energy ventures are a process that is going to continue on for some time.

There is the question of whether or not there may be some legal reason why you have to keep OEC going. If you are going to retain the shares of Suncor, for example, there may be some need to keep it going. As Mr. Rowan has indicated, you might want to retain some of what is left within an OEC environment, or you might want to put them off to some ministry or other branch of the government. That is generally where we are at. It is a very concentrated process.

Mr. Chairman: Mr. Kruger, you would help me if you would explain what you meant when you said Suncor wrote down the value of certain assets and it was not helpful. I do not understand what you mean?

Mr. Kruger: Suncor made a judgement as to the value that they had on their books for the Trillium assets.

Mr. Chairman: Of Trillium?

Mr. Kruger: Yes, and that is the frontier lands. They just recently decided that they should write those down to some extent.

Mr. Chairman: Why did that pose a problem for you?

Mr. Kruger: When you are trying to sell something, and in the midst of it, your one-third partner comes along and starts writing down their share of your assets, even to a small extent, it is not particularly helpful.

10:20 p.m.

Mr. Haggerty: I understand that one part of the Ontario Energy Board may have some value in it. I guess you call it Onexco.

Mr. Kruger: Yes, that is right. That is the conventional side.

Mr. Haggerty: Do you have any especially interested bodies looking at that group right now?

Mr. Kruger: We were attempting to merge that.

Mr. Haggerty: What do you mean by merge?

Mr. Kruger: We were attempting to get some cash for it and then come to an arrangement of shares so the government could still keep an interest in it. Then there would be a hope of capitalizing on some long-term payoff. The one we were interested in has not paid off. We have had approaches by two companies, but I would have to say they are lukewarm at this stage. However, we are trying to warm them up a little.

Mr. Haggerty: Following the question asked by the chairman, you say Suncor wrote down the assets. We know that after the government invested in Suncor it spent some \$350 million—I am quoting from memory here—on upgrading its plant facilities in Sarnia. This was right after the investment. Now they tell me this is almost what we are looking at. There is a 20-year or 25-year life on that plant. Are we going to be giving that away free now?

Mr. Kruger: It is not for us to give or anything. We are only a 25 per cent shareholder within Suncor. This is one of the difficulties. When you are a 25 per cent shareholder in a company, that is exactly what you are.

When other people hold control of it, it is very difficult even to get them to sign a confidentiality agreement in order to look at their books. That is their asset. What I was talking about was their investment in Trillium, which is the frontier lands. The downstream assets of which you talk are a part of the support for which you have 25 per cent of the shares.

Mr. Haggerty: Do you mean we are a shareholder in a company that will not show its books? Is that what you are telling me?

Mr. Kruger: No, what I am telling you is that we are a minority shareholder in a company that is very concerned about anyone looking into its books. I do not blame the company. It is proprietary information. The management has been most cautious with us. We have had to be very firm in our negotiations with them in order even to get to the stage we are at so Dominion Securities Pitfield Ltd. can actually look into their books.

The thing we are trying to assess is this. There are all types of public information, more in the United States than in Canada, on Suncor and also on Sun Co. Inc. We are trying to get some feel of what the future holds. This is going to be the important thing in the decision whether to hold on to shares, whether to sell them and so forth.

To do that, you have to look at what reserves they are holding; the condition of their plant; the class of asset the various parts of the plant are in; how much they have written down; and what their projections of future profit are. You have to look into that to make some assessment of where this is going on a trend line. We can look at the public record and know where it has been, but it is more important to us to try to get that other information. It is for that reason we have to look into that as much as we can.

Mr. Haggerty: So you have to come down to a decision.

Mr. Chairman: I am sorry, Mr. Haggerty. I am going to intervene here because we are running out of time and there are other people.

Mr. Jackson: Mr. Kruger, you made a reference to it not being helpful when Suncor wrote down the assets of Trillium for its potential sale. Is that not akin to what the Treasurer (Mr. Nixon) was doing in writing down the assets of the Suncor shares at the same time he made the announcement that we were going to sell the asset?

Mr. Kruger: No. Mr. Jackson, From a business point of view, what the Treasurer did was a correct decision.

Mr. Jackson: I was not asking you if he made the right decision. On the basis of a write-down—

Mr. Kruger: I am suggesting to you that he did make the right decision. Now I am going to suggest to you why it was the right decision and why it had no effect upon the thrust of your question.

The whole of the discussion with Suncor to this point has been: "We are willing to co-operate with you, government, but we want those 25 per cent shares back. That is the only reason we are co-operating." As a counter, we have said: "We are still a 25 per cent shareholder and we want to look at your books. By the same token, it is certainly a nonstarter for us to give you back shares for which we paid \$650 million and which you have tentatively suggested are worth \$160 million today."

It becomes a question of what the real value of the shares is. It does not hurt at all in the marketplace, as a 25 per cent shareholder of

shares that are not traded publicly it really has no effect. The effect is between you and the potential, such as Sun.

Where the write-down helps us is that they now know the government has been courageous enough to make that move, and therefore, we are not under pressure from them. Before that, they could have held an axe over our heads and said, "You have not written them down, so you have to sell them to us and you have to do this."

Now we say we are clean and we can afford to wait. We have taken the lumps and we are in a much better position to sit back and say: "All right, we will consider it. After the Dominion Securities Pitfield evaluation comes in, we will start negotiating with you. However, you are not the only people with whom we will negotiate. We have been to several companies." Therefore, it did not hurt at all.

If you want, you can use Petro-Canada as an example. Petro-Canada would like nothing better than to trade its shares on the open market, but it is the worst possible time to do that. There have been some statements about Petro-Canada in the past that did not particularly help its public relations. If the government of Canada were to get up now, when they are thinking about going public on their shares, as they are, and make some statement about writing them off, it would be hurtful. In the case of Suncor and our investment in it, however, it did not hurt at all.

Mr. Jackson: Mr. Kruger, I submit to you that if I were an envoy of this government and I had gone to Pennsylvania and been told that the value of 25 per cent of the corporation's shares was about \$180 million, one of the most prudent decisions I could have made on behalf of this government would have been to say I would buy 26 per cent more shares at such a tremendous bargain.

Mr. Kruger: I am delighted you said that, Mr. Jackson, because I can tell you I have sat down with Mr. Neafsey, who is the man, and I have pounded the desk with him. I have said, "Surely it is reasonable, if you offer me \$160 million for my 25 per cent, I have a cheque in my hip pocket and I would love to get this 26 per cent so I can get control of this company for \$160 million." Mr. Neafsey's response to that is, "No, we will negotiate." In order to answer that question, I will tell you the position of Sun. In order to get leverage on our 25 per cent, I have even asked, "How much do you want for the total Suncor?"

Mr. Jackson: Have you made an offer or discussed with them the option of buying additional shares?

Mr. Kruger: Yes.

Mr. Jackson: Can I quote you on that?

Mr. Charlton: He is being quoted in Hansard.

Mr. Kruger: For the same price they were willing to give us for our shares, but the answer they came back with was, "We would love to sell you 26 per cent, but it is going to cost you in excess of \$650 million."

Mr. Haggerty: You are not going to get stung twice.

Mr. Kruger: No. In the end, the things we are trying to look for are all the manoeuvres we might possibly make that would be in the best interest of the shareholders of this province, who are the taxpayers, so we can lever up whatever advantage we can get from the 25 per cent.

Mr. Jackson: So I understand the situation; would one of those options be to acquire 26 per cent in order to lever up?

Mr. Kruger: That is not available to us.

Mr. Jackson: I did not ask you that. I asked if that would be one of the options you would be willing to consider.

10:30 p.m.

Mr. Kruger: Yes, we would be willing to consider it if the price was right. We have looked through the documentation in the most careful way. I looked at every comma to see if we had any rights so it would be like a put-and-call; but we do not have a put-and-call. The documentation is in their favour.

I was very disappointed to find that. If we could have got control, if we had had 51 per cent of Suncor, we could have levered up our investment in the 25 per cent well beyond the \$160 million they were offering, but that is not available to us, Mr. Jackson. We are dealing in a mythical world, certainly with Suncor.

Hon. Mr. Kerrio: Mr. Grossman would say they play hardball.

Mr. Kruger: They are very good businessmen.

Hon. Mr. Kerrio: Certainly.

Mr. Chairman: Mr. Pierce, do you have a quick question before we go?

Mr. Pierce: Yes, I do. Mr. Kruger, do you have the option of going out on the open market and selling the Ontario 25 per cent?

Mr. Kruger: That is one of the options we will obviously have to look at.

Mr. Pierce: Do you have that option now?

Mr. Kruger: If we wished to do that after we saw the price, we could attempt to do that. When

you are in the market we are in today for the sale of shares, that would probably bring the least possible return because they would be discounted down. You run the risk: you are damned if you do and damned if you do not.

If you put a certain price on the shares and you go out and the market suddenly drops, you are terrible. If you put a certain price on the shares and the market goes up, everyone screams fire sale. It is a risk you take.

There are certain options. You can sell shares. You can try to sell the 25 per cent to, say, Sun Co. Inc., or you can try to sell 25 per cent to somebody else. That is probably a better leverage position than going on to the market, certainly in the market at this time. You can take another option: you can hold on to them and attempt to project what the situation is likely to be at some future time, so you monitor what your investment is. There are other options as well.

Mr. Pierce: One more quick question. Do you have in your portfolio a bottom-line price below which you no longer continue to negotiate, and instead hang on to the shares?

Mr. Kruger: The determination of that will be made after we see what values are put on them by our fiscal agents.

Mr. Pierce: At present you do not have that in the portfolio?

Mr. Kruger: We have all the options of the portfolio. We have that as a very strong option in the portfolio.

Mr. Charlton: One very brief question, Mr. Chairman. Perhaps we can end the evening off with a smile.

Could you, in absolute terms, assure this committee that, in your process of consideration around the 25 per cent share in Suncor, one of the things you will not be considering is a proposal by a certain gentleman who was wandering around the halls of this hallowed establishment for a number of weeks with proposals galore?

Mr. Kruger: As a matter of fact, I came prepared tonight. I have that file, and if that name had come up, I would have had to have a private discussion with you.

To end off on a bit of a note apart from that, there is one thing I have learned in this exercise, which I want to share with the committee. I did not realize, but in the financial community they have terms. The frontier lands are called scenery; when you get into position and strike oil, that is called romance; when you bring that oil to market and there is a pipeline, that is passion. So what we have in Trillium is one hell of a lot of scenery.

Mr. Chairman: Mr. Pierce; this really is the last question.

Mr. Pierce: Mr. Chairman, I realize the time. Do we have an opportunity to have Mr. Kruger back?

Mr. Chairman: That is entirely up to the wishes of the committee and Mr. Kruger's schedule. We will be concluding the estimates of the Ministry of Energy tomorrow. If Mr. Kruger has time I am sure the members of the committee would appreciate it.

Mr. Kruger: If it is tomorrow night—

Mr. Chairman: No, it is tomorrow morning, 10 to 12:30.

Mr. Kruger: Good Lord.

Mr. Pierce: That is even better.

Mr. Kruger: That is even worse. I have some Urban Transportation Development Corp. matters I am looking into at that time.

Mr. Chairman: On behalf of the committee, I would like to thank you. I wish we had more time to spend with you. As you heard, they would have liked to talk to you tomorrow.

Mr. Kruger: It was a pleasure, sir. Any time.

Mr. Chairman: We will adjourn until tomorrow morning at 10 o'clock.

The committee adjourned at 10:35 p.m.

CONTENTS

Tuesday, January 21, 1986

Ontario Energy Board program:	R-759
Ontario Energy Board	R-759
Adjournment	R-782

SPEAKERS IN THIS ISSUE

Bossy, M. L. (Chatham-Kent L)
 Charlton, B. A. (Hamilton Mountain NDP)
 Gordon, J. K. (Sudbury PC)
 Haggerty, R. (Erie L)
 Jackson, C. (Burlington South PC)
 Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mancini, R. (Essex South L)
 Miller, G. I. (Haldimand-Norfolk L)
 Pierce, F. J. (Rainy River PC)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 Smith, D. W. (Lambton L)

From the Ministry of Energy:

Dean, D. A., Member, Ontario Energy Board
 Macaulay, R. W., Chairman, Ontario Energy Board
 MacOdrum, I. B., Assistant Deputy Minister, Policy and Planning Division
 Rowan, M., President, Ontario Energy Corp.

From the Cabinet Office:

Kruger, J., Special Adviser on Crown Corporations

Witness:

Brush, W. K., Vice-President, Onexco Oil and Gas Ltd.



No. R-33

Hansard

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Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Energy

First Session, 33rd Parliament
Wednesday, January 22, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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CONTENTS

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 22, 1986

The committee met at 10:10 a.m. in room 228.

ESTIMATES, MINISTRY OF ENERGY (concluded)

Mr. Chairman: When we last voted on these estimates, we had completed vote 2201. Since we have had the Ontario Energy Board, the Ontario Energy Corp. and Ontario Hydro before us, I suggest we proceed with the votes through the rest of the estimates.

Vote 2202 agreed to.

On vote 2203, energy management and technology program:

Hon. Mr. Kerrio: We can give a short presentation on that area, because there are going to be questions that flow from it, I am sure.

Mr. Chairman: Is it the wish of the members to see the short presentation that the ministry has on conservation?

Hon. Mr. Kerrio: From an energy and technology aspect. Dr. Higgin?

Dr. Higgin: As the members will remember, at the last session we dealt with the first part of this overall vote, the conservation programs. Now we are going to have a short presentation on the second part of the vote, the technology area, then move from that into questions.

We have a small logistics problem in that the slide screen has not arrived. As members may remember, we did give you copies of the presentation last time. It looks like this. It is short, bound in white and has the title Energy Programs and Technology Division Presentation on Conservation and Energy Technology Development. We have a few spare copies and we can distribute them so you can follow through as the presentation proceeds.

We are starting within the presentation after the last circle chart in the presentation about halfway through. There is a series of circular charts related to the conservation program, and immediately after the last of those you will find the title page for the second part, "Energy Programs and Technology Division, Panel II, Energy Technology Programs."

I will introduce the two people who will participate in the presentation. They are Syd Johnson, the manager of our alternate and renewable technology development section, and

Bob Greven, the manager of our technology research section.

We will lead off with Mr. Johnson talking about the new program the minister announced at the Energy 2000 conference, the EnerSearch program; he will finish up with the rest of his alternative renewable energy program activities. Then Bob Greven will proceed to talk about energy technology research. I will hand over to Mr. Johnson to start with the EnerSearch program.

Mr. Johnson: I believe you have previously been given a copy of this document, which outlines the program, the proposal and the evaluation criteria. Briefly, if I can put this in context, within the technology side of the division we operate in two ways: We both initiate and respond. We initiate in the sense that we—

Mr. Pierce: Mr. Chairman, we do not have a copy of that.

Mr. Chairman: You are taking us through this document, are you not?

Mr. Johnson: I am taking you through that, but the first page in there refers to this particular document. I am just going to be speaking to it.

Mr. Pierce: We do not have a copy.

Mr. Chairman: If you would like this one, go ahead.

Mr. Johnson: In the sense of initiation, we initiate surveillance, analysis, opportunity identification and act both as a catalyst and as a broker. We also respond to unsolicited proposals from the private sector, and in that sense we are both proactive and reactive. The thrust we are tending towards is to try to provide energy options to the public, business and industry in Ontario.

The EnerSearch program, as you know, was a new program announced in November 1985, and it has a budget of about \$3 million in its first year. The program is intended essentially to complement other ministry research, development and demonstration activities and to enable us in this sense to be reactive to the private sector. The program is also designed to increase the awareness within the private sector of ministry programs and the availability of assistance.

In this program we want to encourage smaller and medium-sized businesses to improve their

own positions through energy development. We want to put particular emphasis on working with manufacturers and suppliers to ensure further application and utilization of new technologies and developments. This is the reactive aspect, if you like, of our operation.

If you have the brochure there, I am sure you will find it easy to go through. On the first page inside there are four blocks that really outline the essence of the program. The rest of it goes further into giving details to potential proponents as to what information they need to provide to enable us to do an adequate evaluation.

Rather than dwell on that, perhaps I can go into the rest of the activities that we are engaged in, and if you have any questions, we can always cycle back to it.

Within the alternate and renewable energy technology section—and this is the next page in the handout you have—we have essentially a two-pronged objective. The first is to assist the development of energy technologies that will provide energy from alternative sources; the second is to develop technologies that will help reduce demand through conservation and more efficient utilisation.

The activity areas we are involved in can be categorized into four blocks: transportation, industry, buildings and renewable energy. In the activities we are engaged in it is very important for us to have extensive linkages with other ministries, governments, industry associations, utilities, manufacturers, suppliers and users. Throughout all of our projects and programs we maintain constant contact with these groups.

In the time I have available I will try to touch on some of the highlights of these particular activities, and if you have any more in-depth questions, I will leave the time for you.

The next page deals with transportation. As you know, the transportation sector uses about 50 per cent of the oil consumed in Ontario and is therefore the most vulnerable to disruptions in pricing and supply. This use breaks down generally into about 60 per cent on passenger traffic and 40 per cent on freight usage.

The priorities we are engaged in here involve the development of gaseous fuels and the equipment to use them. This includes both propane and natural gas, alcohol fuels and diesel substitution.

Just as an aside, diesel substitution covers both public transit and freight operations. If we have any sort of oil crunch here, we obviously do not want half a million people in Toronto who use

buses daily, turning to what are called SOVs, single occupant vehicles.

Mr. Taylor: They are now.

Mr. Johnson: A lot of them are, yes.

Interjection: What does "PJ" mean?

Mr. Johnson: Petajoules. It is the metric system for labelling energy.

At this stage most of the vehicles that are converted to alternative fuels are not essentially built directly for these fuels. A lot of our work focuses on trying to optimize engines in vehicles, to improve conversion equipment and refuelling systems and to gain operational experience. The focus of our activity here is really based on those things.

10:20 a.m.

The next slide is labelled "Industry," and our focus here is on energy-efficient processes. The activities are focused on the development of technologies and processes that can use energy resources more efficiently and on technology that has the potential for significant energy and economic impacts.

Initially our focus has been on areas and industries where energy costs form a large proportion of the product cost. To start with, we have been doing considerable work with the Ontario Natural Gas Association, focusing on the smelting and metals refining industry. In some cases we have found here that as little as one per cent of the energy used in smelting processes actually ends up in the product. There are obviously tremendous efficiency gains to be had. In this we are working not only with the Ontario Natural Gas Association but also with the American Gas Association and the Canadian Gas Research Institute and British Gas.

If you look at the next slide, "Buildings," we cover both residential and commercial buildings. Between them they consume about 34 per cent of Ontario's energy requirements. The priorities we have been studying here involve low-energy homes built to the R-2000 standards. We are working with the federal government, the Canadian Home Builders' Association and the Ontario Home Builders' Association.

As you know, these homes can save up to 75 per cent of space-heating costs. We are designing courses and curricula for community college students and tradesmen. We are involved in a design competition with both universities and community colleges to introduce these low-energy concepts to future designers. We have a competition that closed last week. The judging took place on Monday and Tuesday.

We need to look further at the longer-term integrity of these homes and to monitor them extensively so we know what happens to the fabric, the air quality and the energy requirements. We want to try to avoid building homes today that will need retrofitting in five years' time.

If I can lead you on to the last page here, "Renewable Energy," some of the areas to which we have given priority involve energy from waste and biomass, solar, wind and small hydro systems. In energy from waste we are looking at municipal solid waste, which provides a waste disposal option and an energy opportunity. Some of the issues endemic to this, though, include current adverse economics and public concern—the NIMBY or not-in-my-backyard syndrome. In effect, it is still too cheap to find a hole in the ground to dispose of garbage.

With biomass some of the greatest potential that we are looking at right now involves utilizing waste products: waste from sawmills, paper mills and other sources of this sort. At this point this waste appears to provide the most opportunity.

Mr. Taylor: Where has this been done?

Mr. Johnson: Currently there is a plant in Ajax. Hearst is looking at them. Foster Wheeler Ltd. engaged in a plant in Chappleau that will be operational towards the end of this year. A number of other opportunities appear to be there. We are doing an extensive economic assessment right now to see what the opportunities may be.

Mr. Taylor: Some people make a career of preaching this kind of thing and nothing happens. I remember that Tony O'Donohue in Toronto was involved in that probably a decade ago. At one time I believed this was all in place. I am wondering what part of this is fact and what part is fiction.

Hon. Mr. Kerrio: When did this happen?

Mr. Taylor: Since the new government.

Mr. Johnson: I cannot say I am aware of the total history—

Mr. Taylor: You are undermining the fiscal integrity of the government with all this conservation stuff. We were crying about the Arabs holding us up to ransom and about punitive pricing and that kind of thing, and now we are crying the opposite. Our economy is now based on the taxation of oil and high pricing. We have the banking system and their lendings on the basis of oil revenues. Now the loans are being undermined because of the de-escalating price of oil. Two thirds of the price of gasoline is taxes; it is not oil pricing, it is tax-sharing. With all this

conservation stuff you are going to wreck our economy.

Hon. Mr. Kerrio: What did you say again? Would you repeat that? Are you suggesting you are against conservation?

Mr. Taylor: I did not say that. It may be contrary to government policy, though.

Hon. Mr. Kerrio: Federal or provincial?

Mr. Taylor: All levels of government.

Hon. Mr. Kerrio: Oh, okay.

Mr. Taylor: I would not single you out, though.

Hon. Mr. Kerrio: Thank you.

Mr. Chairman: Do you have any response, Mr. Johnson, or do you think it has been dealt with?

Mr. Johnson: I would not want to touch that with a 10-foot pole.

Mr. Allan: Everybody knows that from the fiscal point of view, you tax everything that stands still or moves or gets big enough to see. That is the basic way we tax.

Hon. Mr. Kerrio: Where did you serve your apprenticeship?

Mr. Allan: As soon as you can find it on a regular basis, you tax it, and in energy we have had a long history of banging the tax on wherever it can be collected most efficiently. People here tend to think we tax at the pump. We do not tax at the pump at all; in fact, we tax at the refinery. That is where those things are taxed. A lot of people think the oil companies put all that stuff out, about eight cents every time you get a litre in there. That is built in, though.

The conservation, the shifts in car aerodynamics and the weight and all those things still leave Joe Blow the consumer with more money in his pocket. We have to keep driving, because the end result is that government would get whatever the hell it has to get one way or another. Whether it gets it out of gas, whether it gets it out of the land transfer tax or whether it takes it on the school board tax, the government will get what it needs. However, if you can leave more money—

Mr. Taylor: Exactly, so if we save money on conservation so that our heating bill or gasoline bill is less—

Mr. Allan: That gives you more money to put into the lotteries so we can get it out of the lotteries.

Mr. Taylor: No, there is less government revenue, so then they increase the provincial taxes to make up the difference.

Mr. McGuigan: That means less income.

Mr. Allan: The consumer at least has a choice.

Mr. Taylor: It is just a question of how the cost is spread, where the burden lies.

Mr. Allan: He can avoid tax with his consumption pattern. When he needs energy to heat his house or to drive to work, you know we have him trapped. Once you minimize how much he is trapped into, at least he has some choice. He can decide to go to the track or to buy tax-free things like birdseed or whatever else is still tax-free.

Mr. Taylor: Name something else.

Mr. Allan: Sanitary products.

Interjection: Baby car seats.

Hon. Mr. Kerrio: This is not government policy.

Mr. Charlton: The point you are missing here is that, as the deputy minister said, the policy of government in the past has been to tax everything you can see or feel, so if you save money on heating your house and fly to Florida, it still gets its tax.

Mr. Taylor: Sure. I am just saying that policy is continued.

Mr. Allan: But the consumer himself has a broader choice. He is not trapped into a consumption pattern or an energy-driven pattern for his disposable income. He has a broader range of choices. In that sense everybody is better off.

Mr. Taylor: Yes. He becomes a better target for government.

Mr. Allan: I do not know. I tend to think that if you start leaving money in the consumer's hands, in many ways he has a real option not to be as much of a target.

Mr. Taylor: We are becoming philosophical.

Hon. Mr. Kerrio: But the federal government is talking about going the road of more taxes. We have an additional problem in Ontario with the north-south relationship to which we are trying to address ourselves, and this will compound that problem severely.

Mr. Chairman: There is nothing wrong with being philosophical, Mr. Taylor, as long as you do not get political in this place.

Mr. Taylor: Yes, I understand that.

Hon. Mr. Kerrio: That seems fair. Everybody agree?

Mr. Taylor: Yes.

Mr. Allan: If you go back to last spring on the western accord, we were going to deregulation philosophically, and that was supposed to put us on the—

Mr. Taylor: It is not deregulation. It is regulation reform.

10:30 a.m.

Mr. Allan: Call it what you like. Basically we were going to try to break the government-administered pricing monopoly and allow some forces to come into play. Those forces are at work now. We pointed out to the federal government of the day, "If you just hand the money back in the upstream and jam it on the consumers in the downstream, we are all worse off."

That is why we have the debate about, "Why are we not seeing anything at the pump?" Prices on those futures things are going down. There is a lag. However, most consumers connect the two things, what they pay and what they see happening. Somebody is going to have to answer for it.

Mr. Taylor: That is right. I am glad it is not me.

Mr. McGuigan: There are two routes to follow in that argument. One is the American route. They have said that by 1989 or some such date you have to have your fleet average mileage at 27.5 miles per gallon, I think it is, and they now are talking about reducing that by one mile per gallon. We have done it in Canada by taxes and by allowing the consumer to make the various choices. You can still buy a gas guzzler if you want to, but last year 80,000 people bought Hyundai Ponies—

Mr. Taylor: Great for the economy.

Mr. McGuigan: —because of the good gas mileage and perhaps other things. If we had followed either route, we would not have cars that give the mileage they do today and put us a little less in jeopardy to the oil people.

Mr. Taylor: So punitive taxation and oppressive government action in the taxation field is good for the moral fibre of the people of Ontario.

Mr. McGuigan: It held down the income tax.

Hon. Mr. Kerrio: Why were you not bargaining with the New Democratic Party? He might have made a deal.

Mr. Allan: Look at the road tax, the so-called vehicle mileage tax, the diesel tax, the gasoline tax. We were collecting 50 per cent of the final pump price 15 years ago. Ontario's road tax represented 50 per cent of the final price at the

pump and just about matched or came close over time to the costs of keeping up an efficient, modern road system, plus some transit subsidies.

At the eight-cent flat tax, we are down to about 23 per cent or 24 per cent of the total price at the pump. Our tax, which is a basic cost-loaded thing to keep the roads up and run our transport system, has been there historically.

Mr. Mancini: Who is getting all the money?

Mr. Allan: What do you mean, who is getting all the money? The government of Canada has moved from next to nothing to a sizeable chunk, roughly equal to where we are. In Alberta, because they have a value-escalating royalty, the oil producers can get significantly more money. There are some cost elements of getting the stuff out of the ground, but almost all the increase goes to two levels of government. I do not think there has been a lot of percentage spread on the per-million dollars invested by the companies. Some small amount—

Mr. Taylor: The average oil price last year was about US\$28 a barrel. Now it is down to about US\$20 a barrel. Some is selling for less. Of course, countries are worried because their economies are dependent on oil revenues and so on. However, we do not see that reflected in a lower price for heating oil or gasoline. We do not see that.

Mr. Allan: That is a futures market for 1,000 barrels delivered, and I would guess that perhaps 15 per cent to 20 per cent of the total oil transactions are running on that kind of market. The major proportion is locked into more regular postings. They should track it down, though. In 30 days from now, or whatever time it takes, we should see the postings at the refinery dropping. Whether it gets through to the pump or to the fuel tank in the person's basement—

Mr. Taylor: It works both ways. I understand the flow through, the time when we were delaying the increase for 60 days or whatever it was, time for it to flow through the pipes.

Mr. Allan: That was under a regulated system. There is no reason—

Mr. Taylor: If you have a delay—I guess Barbara McDougall is arguing a delay the other way. Or is it Pat Carney? I do not know who it is.

Hon. Mr. Kerrio: Pat Carney.

Mr. Taylor: Pat Carney is arguing there will be a delay the other way.

Hon. Mr. Kerrio: That is the price of gas.

Mr. Taylor: That is fine, but the assumption is that any savings are going to be taken up by governments in their tax confiscation policies.

Mr. Allan: Government taxes will stay, but the price should bid it away if there is genuine competition in the market.

Mr. Taylor: That was no genuine competition in the market.

Mr. Allan: We saw this happen when we had a price war right after the Mulroney government was elected and put on that first tax. It was \$2.86 or something on the Canadian oil substitution program. That tax was bid away in terms of its impact on the pump within about three days. There is nothing wrong with selling below cost. In lots of good markets, people sell for a while below cost or what seems to be cost for a while.

Mr. Taylor: The imagination of the oil industry is infinite in the rationalization of its pricing policies.

Mr. Allan: I agree with you.

Mr. Taylor: I am skeptical. Often, it is an exercise in optics. The consumer is punished as a result.

Mr. Allan: We can turn to countries that have a nationalized oil industry and a single station type of operation such as Italy. The price is the same all over Italy. It is set by the national government. Over time, they track up and down, but when the government owns and runs it all, I do not think it will give any great bargain to the consumers.

Mr. Taylor: The oil companies go around and tell the little dealer in Picton, for example, what he has to charge for gasoline saying, "You had better get that price up." You wonder what system is best.

Mr. MacOdrum: The refinery in that case is guaranteeing the margin to the dealer.

Mr. D. W. Smith: Going back to what Mr. Taylor said at the start, were you trying to say that it would be better for the economy now if we did not talk about conservation and got back to the gas-guzzler days we had about 10 years ago? Would that be better? Is that what you were trying to say?

Mr. Taylor: I was being facetious. I am committed to conservation, but when you conserve, you cut back on government revenues. The appetite of government is insatiable. The government then has to raise the revenues it requires in some other way. What you save as a consumer at the gas pump, you are going to pay through your income tax to make up for the loss government suffers as a result of conservation efforts. It makes a lot of jobs.

Mr. D. W. Smith: In theory, if we went back to the gas-guzzlers and used more gas, there would not be quite as much overproduction as there now is. That is why the price is going down.

Mr. Taylor: Is the price going down?

Mr. D. W. Smith: Yes. It is \$19.50 now. It is a lot better.

Mr. Taylor: You are talking about the barrel.

Mr. D. W. Smith: Everything is based on the barrel.

Mr. Taylor: Yes, but it is not going down to the consumer.

Mr. D. W. Smith: I know.

Mr. Taylor: That is what I am saying.

Mr. D. W. Smith: I think I now know what you are getting at.

Mr. Taylor: We have become victims of the process. We think we should be saving money, but it is not so.

Mr. Chairman: The chair will entertain a motion to make Mr. Taylor the deputy minister.

Mr. Taylor: I did not think you hated me that much.

Mr. Chairman: Are we ready to continue?

Mr. Taylor: Sorry for the interruption.

Dr. Higgin: Mr. Johnson, perhaps you can explain to the members in plain English what 10 petajoules is in dollars and cents or some similar thing everybody can understand while looking at this slide.

Mr. Johnson: There are approximately six to eight—

Mr. South: Something is wrong with the ruddy speaker. All one gets is a double sound. It is very difficult to hear what you are saying. It seems to be these speakers. I thought the noise was coming from over there.

Mr. Chairman: I did not notice anything wrong with the speakers.

Mr. D. W. Smith: When you talk, I am hearing a double voice; one a little behind the other.

Mr. Jackson: You ought to be right at home. It sounds like your caucus meetings.

Mr. Chairman: Will you switch to another microphone and see if it is any better.

10:40 a.m.

Mr. D. W. Smith: Mark one down for Mr. Jackson.

Mr. Taylor: I have two ears. One goes in and one goes out. I thought I had the wrong ear facing the speaker.

Mr. Johnson: Can you hear me now?

Mr. South: Yes, that seems better.

Mr. Johnson: Perhaps the figure you are most interested in is how many dollars a petajoule is worth. Off the top of my head, I cannot tell you. I wrote this in a note that Dr. Higgin may have somewhere, but that is putting him on the spot.

Mr. D. W. Smith: We do not mind.

Mr. Johnson: After I have finished my presentation, maybe I can go to the back, work it out and come back and let you know.

Mr. Jackson: There is nothing wrong with the microphone.

Mr. Johnson: I will briefly touch on solar, wind and small hydro. We are finding that because of the de-escalation in conventional fuel costs, a lot of the renewable energy systems that five years ago everyone anticipated would be big business, have not turned out that way today. They still can be big business in niche markets in Ontario and Canada, and also in certain offshore markets where energy costs are typically much higher.

Our activities are now focused on providing information and assistance to Ontario companies to develop their capabilities to get access to those niche markets and offshore markets, on the basis that at some time energy costs are going to turn around and these technologies will once again be very much needed.

Small hydro has been covered in the conservation presentation. As far as developmental aspects go, some of the areas are going to focus on packaging small systems, getting unit costs down and achieving economies by that method. Small hydro is subject to other programs within the ministry that you have already heard about.

Dr. Higgin: Before we move on to technology research, I will answer the question I raised that I hoped Mr. Johnson would answer. The more normal metric measure is a gigajoule and that is, in the old terms, about a million BTUs. A gigajoule is worth about \$10. There are a million of them in a petajoule. Therefore, a petajoule per year is worth about \$10 million in today's terms of delivered energy; what you pay for it at the end use.

Therefore, looking at the first one from municipal solid waste, the total amount of energy potential would be about \$100 million of savings in today's dollar terms; that is roughly it. A gigajoule is worth about \$10 and a petajoule has a million gigajoules and is worth about \$10 million.

To give you a feel for how much energy we use as people, we might use about 220 to 250 gigajoules per year of energy for the home and car. If you multiply that by the \$10 figure, that gives you an upper limit on what you pay for your house and car in total energy usage. Those are ball-park figures. The normal breakdown is about 100 gigajoules a year for home heating, 50 for hot water and the rest for a car.

Mr. Pierce: Regarding the new program announced with a \$3-million budget, can you give us an idea of the applications that are coming forward and who the main players are?

Mr. Johnson: The applicants were eligible to apply only as of January 1, so we have very few in yet. We anticipate getting proposals covering a complete range of technologies. They are identified inside the cover of the brochure. They cover the whole range from the generation of new energy forms, and the equipment to go with them, to conservation technologies and their utilization.

Dr. Higgin: Have we a rough count of how many application forms have been sent out and how many have come back? The program is very new.

Mr. Johnson: In direct response to telephone inquiries, we sent out in the order of 100 application forms. As well, we are working through numerous industry associations and will be sending out over 1,000 more this month to specific targeted industries and players in the research and development field.

Mr. Pierce: Is there, as an example, any concentration on developing the large peat masses in northern Ontario?

Mr. Johnson: With this program, we would wait for somebody to approach us on that basis. I am aware of one company that is currently looking at a possibility in the Dryden area. We have had conversations with them, but at this point they have not made a concrete proposal.

Mr. Taylor: There has been a lot of interest in the peat in the Hudson Bay lowlands for many years. There was even talk of Hydro building a plant there and dedicating the electricity somewhere or other, but I think there was a problem of transmission. Is it economical?

Mr. Johnson: At present, I do not believe so, but I think Dr. Higgin has more information.

Dr. Higgin: Together with our colleagues in the Ministry of Natural Resources and the Ministry of Northern Development and Mines, the ministry has been looking at the total range of possibilities for peat development, but not

limited to energy and including horticulture and other applications.

The finding is that with the lowering of the general price of energy, particularly natural gas which is often a competitive fuel, the economics of large-scale commercial peat for energy purposes does not appear good right now. If we were at \$40 and up a barrel, the prospects would look a lot better.

That does not mean somebody cannot develop a viable going concern on a small scale with local application. For example, if one has a local application for greenhouses or heating requirements, it might be practical and feasible on a small scale. Transporting the fuel on a large scale to market and that kind of thing, however, does not seem to be economical.

Other applications are still interesting. There is growing demand for peat for horticultural purposes, reclaiming of tailings piles and a variety of things. No doubt there are development possibilities that would be economical. At this time, these are being pursued by the Ministry of Natural Resources and the Ministry of Northern Development and Mines.

Hon. Mr. Kerrio: There may be one dimension I could add. The chairman and I were just talking about it. We have the added problem of acid disposition if we are going into the thermal field. The technologies being developed due to the need for thermal generating plants may help us in this field. It could very well auger some help there.

Mr. Pierce: This may be off the track, but has there been a designation in the mining of peat as to whether it is considered a mining or an agricultural industry?

Hon. Mr. Kerrio: It depends on where it is found.

Mr. Pierce: It does not; it depends on where the money comes from to assist in the funding and the type of taxation available. Different taxation is available depending on whether it is mined or is agricultural extraction. There has been a question for a number of years as to where it falls.

Hon. Mr. Kerrio: I suggest that right now it is a mineral resource. If there were a future, if we had a breakthrough—

Mr. Pierce: Is it a mineral resource?

Hon. Mr. Kerrio: It is mineral. Have you anything to add to that, Dr. Higgin?

Dr. Higgin: Generally, the Ministry of Natural Resources views it as part of the mineral resource base. On the other hand, as the minister

is saying, that would not be the case in other areas. It is very difficult. One purpose of the current work is to open up the field and try to facilitate agricultural applications, and not to view it as traditional mining leases and all the things that go along with that. That is one of the things they are working on right now.

Mr. Pierce: Is the technology available for peat to be used as an alternative fuel?

10:50 a.m.

Dr. Higgin: Yes. The technology for peat to be used as a fuel is there, ranging from very simple technology, cutting, drying and burning, to pelletizing and gasifying. It has been done in some places. Minnesota had a large peat development program for energy purposes, so it is not a technological constraint. It is more of a current economic constraint against the wide-scale application of peat for energy.

On a small, local scale, you can make it add up in some cases. Maybe this company in Dryden has those things together. They have the resources and the market close to hand and they can see a way to make a go of it. There will be local cases. We look at them on a case-by-case basis to see if they are going to assist in the overall development of peat and we also demonstrate the technology.

Mr. Pierce: One final question: Is there a role within Ontario Hydro to accept or adapt plants to use thermal fuels, to use peat if it becomes available in a local area?

Hon. Mr. Kerrio: I do not think so at this time. As Dr. Higgin has described, the funding is such that it may be that gas comes on sooner than any other fuel as it relates to generating. Hydro is looking into that aspect.

If there were some breakthrough and we could reduce the cost, we would be very interested in providing the opportunities, particularly in northern Ontario, but I do not think Hydro is looking at it now as a viable alternative because of the prices available in other kinds of fuels. It goes back to what Dr. Higgin has said.

Mr. Jackson: I was interested in the minister's reference to thermal conversion and some of the challenges of reducing acid emissions. I am concerned about energy from waste. As I understand the problems inherent in this form of energy, and in my opinion also, the solutions lie with the government, not with the private sector because of the problems of the acquisition costs of the energy that is produced and the location of the plant.

It cannot be for a single-source consumer of the energy produced because, as in the instance of the London hospital, it is not always in the best location. The answer is selling the energy to Hydro. What suggestions does the minister have? Are you going to change the buy-back rates to make that a little more attractive? I cannot see an application for your ministry in assisting EFW plants around this province unless you are going to address that issue.

Hon. Mr. Kerrio: We are in the process right now of addressing that very issue because it relates to another important area that we have as a policy, that is, to develop our small hydraulics. We will be greatly restricted in developing our hydraulic at the prices that exist now. It will address both problems. We are very concerned about looking at a fair buy-back price, and that is in the works right now.

Mr. Jackson: Are you also looking at the conversion of some of the thermal units to EFW plants?

Hon. Mr. Kerrio: The first thing we are looking at is using natural gas because of the direction we hope gas prices are going in. It would be reasonable to look at all the alternatives.

Mr. Jackson: As the Minister of Energy, are you looking at these in isolation or are you working with the Minister of the Environment? I understand he has or should have a high degree of commitment to the elimination of costly landfill sites. There is a double-edged reason for him to be considering the conversion of these thermal plants. What are you doing in that area, or what is Hydro investigating in those areas?

Hon. Mr. Kerrio: In the first instance related to the environment, we are hand in hand with the Minister of the Environment regarding emissions. Beyond that, there are questions that might be answered by Dr. Higgin.

Mr. Jackson: I read your statements in the House about the emissions. I want to know what ongoing policy forum and what new directions are going to emanate from those joint discussions.

Dr. Higgin: The ministers have established an interministry co-ordinating committee between Environment and Energy in the area of energy from waste. As you will be aware, it was in 1979 that the first provincial EFW policy was announced. That committee has been charged with looking at the policy and where we are now and making recommendations on how the government should be involved in the EFW area. It is

one of the ongoing review activities the ministry has that was alluded to in previous sessions. It should be complete in a couple of months, or that order.

The committee is looking at questions that relate to fair tipping fees and energy markets, including steam and electricity, which are the two principal sources of energy. In terms of a straight electricity generation price, depending on what the scale of plant is and even with a fair tipping fee of, say, \$25 a tonne—which is a lot more than many municipalities are paying or are prepared to pay, but that is what is being paid in equivalent terms in the US—between six and eight cents a kilowatt-hour would be required to make the plant economical.

That is not a small increase. On the other hand, if there is a parallel steam market and both steam and electricity can be generated, about two cents comes off those figures. The four to six cents range is what would have to be paid for electricity, given a good industrial price for the steam.

A very substantial amount would be required to subsidize energy from waste through that mechanism, again at fair tipping fees. Most municipalities think \$15 is a good figure right now. Halton, on the other hand, is facing costs of about \$40 a tonne to move waste into the Occidental Petroleum plant in Niagara Falls, New York. From their point of view, \$25 a tonne would be attractive. This is to give a little perspective on what we are talking about in this area.

Mr. Jackson: There are the additional costs associated with the hearing processes through the environmental aspects of getting approvals for the site. If we lump all those costs together, we have to take an honest look at the end costs that a municipality would have to bear. I believe the government has a role and responsibility for greater participation.

Dr. Higgin: The ministry has a support program that was put in place at an earlier time and is still ongoing to assist municipalities and/or private developers with the costs of developing their energy from waste plants, including the engineering, technical studies and environmental approvals.

Now there is also an increased tendency, because of the concerns about these facilities, even if they are owned and operated by the private sector, as would be the proposed Peel Domtar plant in Mississauga, to designate the permits relative to waste disposal and emissions under the Environmental Assessment Act, as

opposed to what is normally required of private sector developments under the Environmental Protection Act. This is a factor being addressed by the Ministry of the Environment. It is of great concern to private developers.

The majority of plants in the US now are being developed, built, owned and operated by private developers. The municipality merely agrees to provide waste and pay a tipping fee. Sometimes there are incentive schemes as well from the municipality. This is one issue we are addressing. It is a big concern to the Ontario companies involved in EFW development.

11 a.m.

Hon. Mr. Kerrio: I have one more comment relating to that area of involvement. It is very difficult to put a value on the research being produced in this field because it really relates to other things, depending on the value of oil, for instance, as to how far you can go with oil sands and all the other things.

On this side, a great deal would depend upon how we are going to handle our waste in the future, how those prices are going to escalate and whether we should continue the research to have state-of-the-art in that field. Even though at this point it does not seem to be appropriate because of the cost and the cost recovery, it may be very viable in the long term. I cannot put a figure on that aspect of it.

Mr. Jackson: You alluded to the interministerial policy group. When will we receive public statements about the work of that group?

Hon. Mr. Kerrio: Time frame, Dr. Higgin?

Dr. Higgin: The reports will be prepared and go to the deputy ministers initially for a review. I estimate there will be a report from that committee in about two months. Then the review process between the two ministries will no doubt result in recommendations to the two ministers, I think by spring. That is how I view it.

Mr. Taylor: Could you clarify that, Mr. Chairman? I am not sure what this report is supposed to produce. A decade or two ago, we were talking about the same thing in terms of policy. Do you remember watts from waste? I remember a decade ago I went to downtown Toronto to find out where this plant was. I believed all the news releases coming out from the government, and there was nothing there. It was an illusion. So I am wondering what this report is going to produce.

Hon. Mr. Kerrio: See, if you hang around this place long enough, the truth will out.

Mr. Taylor: The technology is all in place. Scandinavia has been doing it for years and years.

Dr. Higgin: Ten years ago, one of the preferred technologies that was developing, rather than the old European "put it in a box and burn it" technology, was refuse-derived fuel. As you know, watts from waste was there.

What happened was that two or three of the refuse-derived fuel plants in the US crashed because of technical difficulties. This made Metro start to worry about its watts-from-waste plant. Already \$2 million or \$3 million had been spent by the various proponents, the Ministry of the Environment via Hydro, and so on. Having gone down to look at these plants and see the operating difficulties they were having, they decided not to proceed with it.

Indeed, one of the first things I did in connection with energy from waste was to try to negotiate final settlements with respect to the disaster that had occurred as a result. Our program, on the other hand, is based on the use of proven technology which is working well in other places. The changeover in 1979 was to emphasize that the proven technology was the way to go. That comes down to the large-scale European wall-to-wall incinerators and the small-scale modular incinerators. Those are the only game in town in technology.

Mr. Taylor: I am not clear about what this report is going to produce. I know you have been trying to explain. I saw this technology more than a decade ago. This was before we had the Environmental Assessment Act and so on. Now we are using the environmental legislation as a reason for the delay.

Mr. Chairman: Mr. Taylor wants an explanation of what the report is going to do.

Dr. Higgin: Yes. In 1979, the government put in place an EFW policy and a program between the two ministries as a joint interministry program. To be very frank, that program has had trouble in achieving its objectives from a number of points of view. One of them is the fact that at that time we were projecting much higher energy prices. Hence, the revenue stream from sale of energy from those plants would have been higher.

Another problem was that the environmental regulations had not addressed the question of the organic trace contaminants like dioxin, which is now a big concern. This has focused on the concern of the citizens, as Mr. Johnson said, the not-in-my-backyard syndrome. All these things have meant that the program to assist the

development of energy from waste has had difficulties in getting going. Between the two ministries, we have been looking at what can we do.

Given the realities we are facing now, the lower energy prices, tighter environmental regulations, still some reluctance by municipalities to pay higher tipping fees and the local citizens' concern about these plants, what should we do to ensure that we have an orderly development towards what we think is a longer-term objective, to have a number of these plants in the province? In essence, that is what the report is addressing. In bureaucratic terms it is a strategic report saying where we should go from this point.

Mr. Charlton: I would like to follow up on this. I will go back to something Mr. Jackson raised, which I do not think was fully addressed in your response. You were essentially talking about the costs of energy from waste from the perspective of sitting down and determining when it becomes economical to build the waste plant in the first place.

We have a number of Ontario Hydro facilities sitting around in this province, to which the minister has referred on a number of occasions and with which we have some current difficulties. Specifically, these are the coal-fired plants. Obviously, we are in the process of working through how to deal with those problems technologically. In that process, are we looking at ways to accommodate the waste question in Hydro facilities?

For example, we have a thermal plant sitting in Thunder Bay, and I assume Thunder Bay is landfilling its garbage somewhere. We have Nanticoke sitting on the shore of Lake Erie, right in the middle of a whole collection of municipalities, none of which, in my view, would be capable of building a waste incineration facility in the capital sense because they are much too small.

With the right kind of research going on in converting the existing Hydro facilities to a capability of dealing with a range of fuels, including municipal solid waste, we could be providing a valuable public service at the same time as we continue to provide the electrical energy for this province. What is happening in those areas?

Dr. Higgin: The first look at using Hydro facilities for EFW purposes was one the ministry promoted. That was to offer the city of Toronto an alternative to a grass-roots plant for supplying steam to the Toronto district heating system which, as you know, is integrated. That alterna-

tive was to look at the use of the R. L. Hearn plant and that site for energy from waste.

It was found there that you can utilize a lot of the equipment, but the actual boilers, furnaces and so on are of no use to you in energy from waste. You have to build new incinerator units. Then you can take out the steam, use the existing turbines, use the boiler feed-water treatment, and so on.

The bottom line was that it turned out to be less of a differential between a grass-roots plant and a retrofit to the R. L. Hearn. However, it was favourable. The city of Toronto is still keeping that R. L. Hearn possibility as part of its development plans. In its filings for approvals, it has referred to that scheme as an alternative. It chose to go with its own grass-roots plant on its own property for a variety of reasons which are not related either to technology or economics. It has its own reasons why it wanted to do that and not go with the R. L. Hearn plant. That was the first look.

Another group was very interested in using the Wesleyville site as an EFW plant to produce electricity and sell power to the grid only. They would like to transport large amounts of waste to that site. There has been some agreement by the local municipality that it is at least interested in this. This private-sector group is now trying to pursue funding sources to examine this scheme and to come up with an assessment of whether it is marketable.

From a ministry point of view, our initial assessment of it is that the distances one has to transport the waste are a very negative factor with respect to the cost of delivery of the waste to the site. It would require a lot more than the current buy-back rates of Hydro to even start to look economical.

11:10 a.m.

Because it is a large-scale plant, it would be at the lower end of the range. However, our estimates are that it would be a minimum of about seven cents a kilowatt-hour to even start looking interesting to a private sector group. That is our initial estimate.

Mr. Charlton: That essentially deals with two Hydro plants which Hydro is not using.

Mr. MacOdum: Mr. Charlton, there is an example at Lakeview, where they did convert a unit to using waste. They burned waste on a test basis, but it was done with great opposition from the local people, into whose neighbourhoods the waste had to be trucked. They curtailed that because of the local protest.

Mr. Charlton: That is one of the reasons I did not mention Lakeview. In a site like that, where you have a development that is now totally surrounded by urban growth, you are going to have those kinds of problems.

However, there are a number of examples where that particular aspect would not lead to as major a confrontation as there is about Lakeview. You have described the potential for the city of Toronto to do something around the Hearn plant, and private developers to do something around the Wesleyville plant.

We talked earlier in these estimates about the retrofits which will have to occur on operating Hydro facilities. We have a cost range of \$50 million to \$60 million to do a retrofit on lime injection. We are talking about up to \$250 million if we have to go the whole route, which is wet scrubbing.

We are looking at expenditures of fairly substantial amounts of money on operating Hydro facilities. Because that money is going to have to be spent anyway, that should dramatically change the economics of Hydro looking at the possibilities around waste in its own operating facilities.

Mr. Taylor: I do not understand that. If they are spending \$60 million to retrofit the Windsor coal-fired plant, then we close it down.

Hon. Mr. Kerrio: Who is "they"?

Mr. Taylor: Hydro. Is that not right?

Mr. Mancini: Yes.

Interjection: Do not look so surprised.

Hon. Mr. Kerrio: No. I was wondering who the minister of the day was.

Mr. Pierce: I wonder who the critic was who let them get away with it.

Hon. Mr. Kerrio: It was me. I have to accept that.

Mr. Charlton: Is Hydro looking at that kind of change in technological approach in this movement to meet the new emission standards?

Dr. Higgin: Not on a comprehensive basis that I am aware of. It is looking at opportunities for utilization of existing facilities which are either not utilized or underutilized, whatever they may be.

As you have pointed out, with this particular one, the new dimension to it is the situation with respect to the investments required for control of acid gas emissions. That is going to be looked at as sort of an add-on to the work we are doing now with the Ministry of the Environment. I do not know what the outcome will be, obviously, but

your point is well taken. There is now a new dimension to this thing which needs to be looked at. Beyond that, I cannot comment.

Hon. Mr. Kerrio: I would suggest I take that as notice and pass the question on. We are not that much apprised of that particular segment. We will get you an answer.

Mr. Allan: I guess we can pass it on, but there is a fundamental fact about this we should not overlook. Energy from waste plants are really about how to get rid of waste; they are not about how to produce energy. About 85 or 90 per cent of the economics, no matter what the technology, has to do with the disposal, the tipping, the getting rid of it, moving it from the front door to the incinerator.

Mr. Jackson: That is a 1986 reaction.

Mr. Allan: No. Even if we have leaching in ground water and the tipping fee is going up to \$50, fundamentally the idea will still be to get rid of the garbage and not to generate the BTUs.

There is no technology that can take loose, shredded stuff. The Hearst wood waste compacting moves it 18 miles to burn it when it is compacted, and that is all. This stuff just does not have a high energy content to it, compared to any other form.

Mr. Taylor: You should see the garbage just outside of Copenhagen. As a matter of fact, I drove through a residential area where everything comes in.

Mr. Allan: I agree, but the social value and the redeeming aspect—it is a social investment to get rid of the garbage. The small spinoff you get from energy, whether you do it in a Hydro plant or wherever, pays—even if we gave the Hydro plants—

Mr. Charlton: That is exactly my point. The technological changes that Hydro is now being forced to look at are social and environmental. They do not relate to energy, either.

Mr. Allan: I do not disagree.

Mr. Charlton: If we are going to build social and environmental costs into our energy system, what we have to do now is to start doing the research to make the technological change the most useful.

Mr. Allan: I suggest to you the municipalities do a very valid public service. They dispose of the garbage cleanly and efficiently. But if you take the crown corporation and give it the mandate to not only produce power but also to get rid of the garbage, I think you would find that it would probably come up with a pretty good

package over a period of time. Take it out of the municipalities' hands and give it to Hydro so it is a garbage disposal unit plus a power generation unit. However, I will tell you right now the choices are diversified.

Mr. Taylor: Dr. Chant would be elated.

Mr. Allan: That is an option. There are places where you would do that.

Hon. Mr. Kerrio: There is another dimension, though, that has not been mentioned. Some municipalities are practising this now. It is the separation of the garbage.

There is a relatively new mill in Thorold where we are recycling paper. Because of the circumstance in which that will become more and more valuable, it has to be taken into account. It is another facet of the implications you are describing to benefit us socially.

Mr. Allan: The Thorold mill takes all the newspaper that can currently be collected efficiently, by Boy Scouts or anybody, all the way from Windsor to Oshawa, from all of southern Ontario, Buffalo, Cleveland and Detroit. It is feeding that mill.

Hon. Mr. Kerrio: That is right.

Mr. Allan: Hell, there is an inventory three football fields long and 20 feet high. That is a hell of a lot of newsprint. However, there is only room for one of those. They sop up all the stuff that is easily collectable in all of Ontario. In fact, there is already a secondary market in getting it to the Thorold mill.

You are not going to have a bunch of brokers out there trying to move garbage. It is a social cost; it is not an income generator. It has a fundamental value. At least, newsprint, de-inked and recycled, can come back as the Chicago Tribune. There is not a hell of a lot you can do with old plastic bags.

In terms of fundamentals, whether you separate or whatever you do it is still garbage.

Mr. South: What is your best guess about this? With all the emission problems of burning waste, how far are we from the municipalities doing that, rather than Lansdowne? We are in the midst of a battle in the Kingston area now about landfill sites and of course the people are afraid and the first thing they say is, "Why are you not looking at some of the better technology?" I reiterate what the member for Prince Edward-Lennox (Mr. Taylor) said. We put a lot of money into wats from waste 10 years ago. Now, here we are, still not doing it. What is your best guess now, before municipalities are taking waste and doing something other than landfilling?

Mr. Taylor: How old are you?

Mr. Jackson: You are not young enough.

Mr. South: Will it be 10 years or 20 years?

Accepting all these things that go on in a democracy today, it is not the best way to run a railroad.

11:20 a.m.

Mr. Allan: You have to realize that we have to tender. There will be ground-breaking in London. That has been six years. It is almost as long as getting the power lines in western Ontario. However, the contracts are in order and the financing is in place.

We put in a hell of a lot of money and time as a ministry behind the scenes to drive that. After two years of the environmentalists looking at the plume, or whatever happens, and people getting used to the fact that it is pretty safe, it will be a breakthrough.

We do not have to spend 52 days of hearings every time somebody thinks they are going to burn some garbage. You do not need 52 days of hearings over and over again in every community.

Mr. Mancini: Can it burn any kind of garbage?

Mr. Allan: It is going to burn basic garbage. People in London probably have different garbage, but wherever they go, that is what is going to burn.

Mr. Mancini: I want a supplementary question, Mr. Chairman.

Mr. Taylor: It all ends up here.

Mr. South: Wait a minute. I have an answer to my point.

Mr. Allan: It is going to start this year.

Mr. South: It will burn anything?

Mr. Allan: Whatever gets in.

Hon. Mr. Kerrio: I shall take that question as notice and give you the answer at caucus. Now we are going to hear the rest.

Mr. Jackson: Put it on the Orders and Notices.

Hon. Mr. Kerrio: No, you did not hear the rest: I said I shall take it as notice and give the answer in caucus.

Interjection.

Hon. Mr. Kerrio: No, Dr. Higgin would respond to the question that was raised. It is an excellent question.

Mr. Jackson: I also raised a question about the relationship between going to private sector users or selling the energy created back to Hydro.

Are you prepared to look at a policy shift or will you continue to look for private sector consumers of this energy?

Hon. Mr. Kerrio: We are looking at an element that has to be answered by the community or the area attempting to get rid of the waste. That is what Mr. Allan has said. That side is as important as a government saying it would help to achieve that, but would have to participate because the unit is not giving the same return as a strictly energy-producing unit.

Mr. Jackson: You have a resolution from the Regional Municipality of Halton. The council chairman, Mr. P. D. Pomeroy, wrote to you and specifically asked you to look at that application.

Hon. Mr. Kerrio: We are. We look at all of those. We have had many more than that one.

Mr. Jackson: What is the nature—

Mr. Chairman: This is not fair to Mr. South. He has asked a quick question or two.

Dr. Higgin: I would respond as follows. Under the present policies and economics, the various factors have to come together. There has to be an imperative to pay a lot for landfill, because landfill costs are high, or you are running out of sites. You have to be willing to pay \$25 a ton and up, and there are not too many municipalities willing to look at those figures. That is the first thing.

In the local situation you need a market for steam energy and/or electricity. You get more revenue from selling to a hospital than to Ontario Hydro. Both steam and electricity are worth more in that setting.

Given that background and the current situation, we would expect to have three or four facilities of different sizes and types in the province, including London's Victoria Hospital, within the next 10 years. That is our projection and it is fewer than we had in 1980 and 1981. We are the first to admit that, which is why we are concerned about whether it is good enough and what options we have if more are required. Given the factors I outlined before, lower energy prices, an unwillingness to pay, siting difficulties and so on, that would be our best guess right now.

Mr. Mancini: It is not good enough to have several more over 10 years. Every county in this province is having trouble with landfill sites. Half the counties of this province probably have studies, groups and committees looking for more agricultural land to turn into waste dumps. If we have the technology and something in London that works, that people can see, why are we not doing something about it?

Hon. Mr. Kerrio: Because, unless you have the use for such a technology in a specific place, considering hauling distances, it is impractical. We will not accept all the responsibility without some being taken by the people generating the garbage. We are in the same position with garbage as with fuel. We are the biggest consumers of energy in the world and probably the biggest garbage producers. If government has decided they are going to go all the way and accept that responsibility without studies that look at reducing garbage and separating and recycling it, maybe we are going down the wrong path. All those things have to be taken into account.

Mr. Mancini: With great respect, Mr. Minister, we have been through all that.

Hon. Mr. Kerrio: I do not think we have.

Mr. Mancini: I remember the speeches George Kerr gave some 10 years ago. We were going to separate bottles and paper, but that stuff does not work. We have to go in there—

Mr. Jackson: It is working. The most successful recycling program in Ontario is occurring in George Kerr's backyard.

Mr. Mancini: We cannot put a Minister of the Environment in every riding.

Mr. Jackson: We tried.

Mr. Mancini: I know you did.

Mr. Ramsay: It is a tough job.

Interjection: We cannot afford it.

Mr. Mancini: The bottom line is I am not satisfied with what we are talking about.

Mr. McGuigan: Suppose the government decided to unite social policy, that is getting rid of garbage, with Hydro and then attempted to burn all excess garbage. We take out the stuff that can go to Thorold, but are still going to have some left over. It probably would cost eight cents a kilowatt-hour to burn the excess garbage. How would that affect Hydro rates? Would this be a large or a very small proportion of Hydro rates?

Hon. Mr. Kerrio: To start with, it cannot get eight cents from Hydro. We are talking about a reasonable buy-back with Hydro and an assessment of the community or area that is using the balance of it to augment their funding, because it cannot be done strictly. I think the deputy pointed out we are looking to get rid of waste, not considering burning waste to make it pay to generate power.

Mr. McGuigan: I accept all of that. If we made it policy that we integrate Hydro rates with the problem of getting rid of excess garbage, told

Hydro we would pay it eight cents and have that spread over the overall rates, would that put a burden on Hydro? Would it affect the Hydro rates by—

Hon. Mr. Kerrio: Nothing would put a burden on Hydro if that were the case, if we were just passing it through to the consumer.

Mr. McGuigan: That is right.

Hon. Mr. Kerrio: A different person would be paying for a social involvement we are providing to someone else. I think we have to be careful there. Hydro has to—

Mr. Jackson: It is just like the commercial. You pay me now or pay me later. We have a push-me-pull-you between the Ministry of the Environment and the Ministry of Energy.

Hon. Mr. Kerrio: I suggest that direction would not be acceptable.

Mr. Jackson: Who is going to win?

Hon. Mr. Kerrio: I think we all win in this country.

Mr. Taylor: It may not be on a regional basis.

Mr. Jackson: We compromise to death. We always win.

Mr. Taylor: Look at the big trunk sewer and water mains we built through the Brampton area, the Durham sewer pipe that services different regions. There is a big provincial involvement in that thing which is presumably borne by the taxpayer, so that is being done on a regional basis. In this instance, the little local municipalities, townships and so on are being assessed at a cost they know is unaffordable.

Mr. McGuigan: A pretty fair case could be made that the people who pay the Hydro bill are probably the same people who produce the garbage. The fellow who lives in a little hut in the bush as a hermit is not using any hydro; he is not producing garbage either. Most households—

Mr. Taylor: He is just collecting his MPP pension.

Mr. McGuigan: I am looking forward to that.

Mr. Jackson: We should like to help you out.

Mr. McGuigan: You have made several unsuccessful attempts and I hope that continues.

Mr. Jackson: I should move to your riding.

Interjection: It would not help.

Mr. McGuigan: Every time the last Premier came to my riding, it gave me votes. I welcome all the help I can get.

Mr. Jackson: All the past Premiers you can get.

Mr. McGuigan: Would such a thing have a significant impact on Hydro rates?

11:30 a.m.

Hon. Mr. Kerrio: Yes, certainly it would. Another question is raised. In every cause, when we try to hold down Hydro rates for our manufacturing base, it is a very valid reason to go that route. If we want to start moving things from the social side into that base, I wonder what impact bringing something into focus that properly might belong in another area might have.

Mr. Jackson: To quote directly from your letter, "These are changing times."

Hon. Mr. Kerrio: Absolutely. Are they ever. The last election proved that.

Mr. Jackson: The greatest proof of changing times is the change between the time you were the critic and the time you became the minister. That is the biggest change of all.

Hon. Mr. Kerrio: I cannot believe that should surprise you. I have a very responsible role here relating to one side and before that—

Mr. Jackson: You were a critic.

Hon. Mr. Kerrio: I was a constructive critic. I did not just sit here and try to chop everybody down. I gave alternatives. I have been waiting for four days now and I have not heard any.

Mr. Taylor: Keep it up, Minister. We will all be voting for you.

Mr. Jackson: I thought you had quite a few good ideas as a critic.

The Vice-Chairman: Order, please. Mr. Jackson.

Mr. McGuigan: I am not finished, Mr. Chairman. I gather the answer to my question is that there would be a substantial impact.

Mr. Charlton: Can I have a supplementary before Mr. McGuigan moves off that? There is one thing we are forgetting. Mr. McGuigan is talking about eight cents a kilowatt-hour, which is the kind of number you have quoted to us in terms of burning garbage. We are looking at development. We had a question about the next 10 years.

Mr. Campbell, the chairman of Ontario Hydro, has already told this province that by 1995 we are going to have a buy-back rate in this province of 10 cents a kilowatt-hour. Where is this huge impact we are talking about, if we are looking at planned development around the disposal of garbage?

Hon. Mr. Kerrio: We are now tracking two different things.

Mr. Charlton: You are not going to have a plant in operation tomorrow that you decide to build today.

Hon. Mr. Kerrio: No, but you are talking in terms of a time frame. We are talking today about buy-back. If he is projecting it to be 10 cents 10 years down the road, they might have to get 16 or 20 cents on the basis of legitimizing the other function.

Mr. Charlton: What you are going to see is a staged increase in that buy-back rate. By 1990, it is going to be six or seven cents, by 1992, it is going to be eight cents and by 1995, it is going to be a dime.

Hon. Mr. Kerrio: And the cost of that other function may double as well.

Mr. Allan: I was not here to hear Mr. Campbell say that, but—

Mr. Charlton: He said that last fall.

Mr. Allan: —looking at the simple mathematics of it, let us assume that inflation is no more than five per cent under enlightened national and provincial administrations. You take 3.45 compounded. By the year 2000, you are very damned close to seven cents, and no more.

The chance of a 10-cent buy-back rate in 1991 is a crackpot idea. There is no way. If we have a 10-cent buy-back rate, we are going to be bankrupt in terms of power rates to most people in this province.

Mr. Charlton: You are missing the point of what the buy-back rate represents. The 10 cents they are quoting for 1995 relates to what it is going to cost them to build the next plant beyond Darlington. Darlington is going to be seven cents.

Hon. Mr. Kerrio: It is 7.2 cents.

Mr. Charlton: The next plant beyond Darlington is going to cost them more than 10 cents a kilowatt-hour, so they are going to be looking for alternatives at 10 cents or less.

Mr. Allan: I have listened to Mr. Campbell, and we have dealings with him. If you are going to try to price this buy-back rate at the last margin, why do we not take the highest-cost plant we have in the province, the new one up on the north shore? Right now, it is 15 cents. Why do we not have a buy-back rate of 15 cents today?

Mr. McGuigan: We are a little off track.

Mr. Allan: That is the highest-cost output of electricity in this province. You cannot afford something like that.

Mr. McGuigan: I am not talking about a general buy-back rate that we would buy back from cogeneration, or whatever other sources. I was suggesting a buy-back rate simply on the matter of generation from waste.

Mr. Charlton: Avoided cost is what you avoid building, not what you have already got.

The Vice-Chairman: Mr. Charlton, we will go back to the supplementary.

Mr. McGuigan: I want to ask another question that probably comes before the one I just asked. From the environmental standpoint, has it really been determined that it is safer to get rid of waste through the burning process rather than through the landfill process? There were many poorly operated landfills in the past. One of them was in my backyard, and I had a lot of experience with it. The present landfills they are building and operating can be quite safe. Do we know that it is safer to burn these materials than it is to landfill them?

One of the big things we are talking about, and you mentioned it, is the matter of dioxin. That is a combination of the chlorine that is in the plastics. Most plastics, as far as anyone can determine, cannot be separated because they are built right into so much of the packaging. I have been looking at the question of the leaks. Scientists now tell us that a lot of those chemicals in the lakes are airborne.

For instance, I was at a conference on Lake Michigan, in Michigan. I cannot give you the name of the chemical now, but they said there is a chemical in Lake Michigan, and the only place scientists can figure that it came from, or where there is any large-scale use of it, is Mexico. They figure that the chemical is getting into the air, is being transported by air currents and is landing in Lake Michigan. Bearing in mind that the lake waters are usually cooler than the air temperatures, these materials condense as soon as they touch the water.

Do we know that it is safer to get rid of this waste by burning than by putting it in a secure and well-managed landfill?

Dr. Higgin: The simple answer is that we do not know if it is safer. All we can say is that the energy from waste plants can meet all the existing regulations, standards and guidelines with respect to air emissions. Similarly, modern sanitary landfill meets all the requirements with respect to ground-water contamination, transportation of contaminants, and so on.

The question really comes down to how good the standards are. The debate rages around the question of whether there is a threshold limit for

some of these contaminants. How low is low enough? There is a wide variety of scientific and medical opinion on that issue. It is a question that the people at the Ministry of the Environment are a lot more qualified to answer than we are. All we can say is that energy from waste plants, with modern technology, meets all the guidelines and standards for air emissions by a safe margin.

There have been concerns because of the dioxin issue. There is a national incinerator test and evaluation program going on now looking at existing facilities. They have tested a couple of incinerators in Ontario and have checked out the new one in Prince Edward Island.

Even though the one in PEI does not have air emission controls to any significant degree, unlike the London plant which is loaded up with the latest in state-of-the-art technology, it is well within the guidelines because of the two-stage combustion process employed in that type of modular incinerator. That has been the finding.

Mr. South: Do you mean Prince Edward Island or Prince Edward county?

Dr. Higgin: Prince Edward Island, PEI, in Charlottetown.

Mr. Charlton: I thought they snuck one in down there.

Dr. Higgin: No, they did not.

Mr. Taylor: We could not afford that. Try to swing it.

Dr. Higgin: There is the question of whether the standards are adequate and whether they should be lower. The debate goes on. For that reason, the answer must be, no, we do not know for sure. All we know is that it meets all the standards.

11:40 a.m.

Mr. Pierce: Regarding gasohol and ethanol, there is some mention made about doing some research work in developing alternative fuels for automobiles and transportation. Is not the bulk of that research work already done? For example, in Manitoba, you can pull up to a gasohol station and fill up your car, and it runs on it. What are we researching now?

Mr. Johnson: Some of the work we have done has resulted in that test going on in Manitoba right now. My colleague Mr. Greven could speak to that.

Dr. Higgin: He is our resident expert on all things alcoholic. He has been dying for this question.

Mr. Pierce: For clarification, is that considered an experiment or a testing ground in

Manitoba? A number of private automobile owners are running on the fuel developed to date.

Mr. Greven: The 10 per cent mixture of ethanol and gasoline is in wide commercial use in the US, in any state which gives it sufficient subsidies, together with the federal subsidy, to make it economic. In Kansas last month, 39 per cent of the gasoline sold was ethanol gasohol. There is absolutely no research component, or even question, about the applicability of that fuel.

In Ontario and Canada as a whole, there is a tendency to talk of ethanol-methanol blends, where the ethanol is nothing more than the co-solvent required to go with the methanol. There is a question whether the performance of ethanol as a co-solvent in methanol blends is applicable in the Ontario climate.

There is also some question in the United States. People are pro and con. Arco Oil & Gas Co. has operated 2,000 service stations and claims the methanol blends are fine. Others who have advertised in the United States, Amoco Oil Co. being one, allude to fuels guaranteed not to contain any methanol and, therefore, your car will not fall apart.

The methanol blend, in my opinion, is probably safe. It is in commercial application. Proponents in Ontario ardently advocate the ethanol-methanol blend. That is conjecture at this stage. There is no reason to assume ethanol will not be a satisfactory co-solvent for methanol but almost no work has been done to date that shows it to be satisfactory.

We are helping to fund our sister ministry a bit on this. It is not a major component. The Ministry of Transportation and Communications is starting to run its own test fleet on ethanol-methanol blends. There is an element of—I would not call it research by our definition—but something that has to be proven before we are in a position to tell the automobile users we think this should happen.

Mr. Pierce: What is the difference in price at the pump between the fuel being used commercially in Manitoba and the fuel you are referring to?

Mr. Greven: I believe it is selling for the same price as regular unleaded gasoline. It is 10 per cent ethanol, 90 per cent gasoline, which is gasohol in the US.

Hon. Mr. Kerrio: Would you speculate a best price at which it can be produced right now, compared with gasoline?

Mr. Greven: Ethanol?

Hon. Mr. Kerrio: That is the factor we have been talking about and not mentioning the numbers. One of the starch companies is now talking about major involvement.

Mr. Greven: To a degree we are pre-empting some of my general remarks. We have two sources of ethanol in the province. One is ethanol from grain, which is produced in the US and Manitoba. The St. Lawrence Starch Co. Ltd. has a proposal. It is looking for assistance to build a demonstration plant in southwestern Ontario. They are suggesting ethanol can be manufactured for 44 to 50 cents per litre at plant, although the numbers vary from time to time.

Hon. Mr. Kerrio: If you added taxes and everything, how would that relate to the retail price of gasoline?

Mr. Greven: The price is doubled. That component would be roughly 80 cents a litre if you were talking about pure ethanol.

Hon. Mr. Kerrio: Yes, but there is no advantage in doing that unless you decide to supplement production.

Mr. Pierce: Wait a second. We are talking about the actual cost of production of methanol.

Mr. Greven: Ethanol.

Mr. Pierce: When ethanol is supplemented with gasoline the cost of production is brought down in terms of the guy who is buying it at the pump.

Hon. Mr. Kerrio: The best way to sell it would be if one per cent was put in.

Mr. Greven: The ministry is currently funding a research program also with St. Lawrence Starch with the eventual goal of producing ethanol from waste wood, with the possibility of producing it at or below the refinery cost of gasoline. If that can be done, it will be a totally new ball game. The product would sell freely in whatever quantity is available to suit the supply of waste wood.

This is a major research and development program, not so much in dollars but in the ministry's role of what I call deal making, because this is combined with finding someone who can use lignin, a component of wood, at an attractive price. If this package comes together, we can have low ethanol prices or certainly ethanol prices where the ethanol can be used either as a co-solvent with methanol or directly on a cost-effective basis. That would not require massive government subsidies.

Mr. Pierce: I do not want to get political, but during the election one party's platform was that

gasoline be supplemented with ethanol to produce gasohol in order to offset some of the high costs of gas in northern Ontario. Is there some truth to being able to replace gasoline in northern Ontario with cheaply produced gasohol?

Hon. Mr. Kerrio: That could very well be. That was brought up during the campaign. In the direction that gas prices were going and with the differential between northern and southern Ontario, it was well worth considering, especially with today's market.

Mr. Pierce: In fairness, Minister, gas prices in northern Ontario still have not gone over the hill and started to come down. They are still up there.

Hon. Mr. Kerrio: We have been told for years the production of competitive alternatives is just around the corner, but it has not happened.

This is an interesting piece of information. In 1978 petroleum shortages and prices up to \$100 a barrel were anticipated. If offshore influences had pushed gas prices up to those ranges, we would have been looking at many alternatives. Now that prices are either static or not getting into that range, the costs to produce alternatives are way out of line.

We do keep pace with the research and development of all those things. We hope research can be done that will break through and produce lower-priced alternatives. They would become cost-effective then. There are people today convinced they can produce alternatives at much better prices. So far we have not seen them.

11:50 a.m.

Mr. McGuigan: Part of that story has not been told. The reason corn producers are talking about a mixture of ethyl and methyl alcohols, along with gasoline, is that methyl can be produced around the world at very cheap prices, as low as 40 cents a gallon. For every barrel of oil the Middle East puts out, 50 per cent of the equivalent in natural gas blows off into the air and is wasted. By collecting this gas, they can make methyl alcohol, a cheap byproduct, at about 40 cents a gallon, not a litre.

Ethyl, the expensive one, which they proposed making before, can be combined with methyl from these other sources—and some of them come from western Canada; they can make it from coal, they can make it from natural gas. In fact, they can take the atoms and mix them up into any combination they want. The corn producers are pushing the use of the cheap methyl along with ethyl as the co-solvent. You end up with a fuel that is about the same price as

gasoline. It has the added value of taking the lead out.

Hon. Mr. Kerrio: Those alternatives are like the 200 mile per gallon carburetor. You hear all kinds of talk about them, but when you face the realities of bringing them into the market at those prices, it just is not done. I guess that is where we are at. Maybe Dr. Higgin could respond.

Dr. Higgin: Some of the driving forces behind the interest in alcohol fuels are those that Mr. McGuigan commented on: the lead phase-out, and so on. We should also recognize that just as methanol from natural gas plants is a world commodity, ethanol is also a world commodity. Brazil is exporting large amounts of that. The US corn base producers are very concerned about imports of Brazilian alcohol, and, indeed, they are calling for import tariffs to protect them.

Maybe Mr. Greven, who went down to a conference in Washington recently, could comment on that. This was raised at the conference.

Mr. Greven: There are a couple of comments. First, at 40 cents US per US gallon, which is the world price of methanol today, the methanol producers are bleeding to death. One of the things that has to be realized is that as soon as there is any significant uptake in this commodity, which is a true world commodity, the price of methanol is going to rise.

The plants were built in Alberta at an anticipated price of 70 cents per gallon. It is natural that the producers who built the plants on those economics are going to do what they can to get the price up. No one believes that it is going to get to 70 cents per gallon, but the 40 cents is an extremely distressed price.

It is also important to realize that ethanol, as a co-solvent, must compete with other forms of co-solvents. It is a good co-solvent, somewhat unproven, but we have other studies done for the ministry, or in co-operation with Celanese Canada Inc., which show that you can manufacture other forms of co-solvent in Ontario—tertiary butyl alcohol in Sarnia—at prices significantly below the 40 cent-per-gallon figure.

One concern is that if you are going to mix something with methanol, at whatever price it is, you could say there is no clear-cut win for ethanol as the co-solvent. In fact, if anything else, the current economics favour other forms of co-solvents.

It is a very complex issue, then, but I could say at this moment in time that ethanol has not succeeded in any location as a motor fuel, in any place in the world where it did not receive massive government subsidies, or other forms of

government diktat, if you wish—which has been the case in Brazil to make ethanol happen.

Mr. McGuigan: The revenue people in the States are getting pretty upset about giving out these tax breaks.

Mr. Greven: Actually, the problem with taxes is that most of the US tax bills take it from the highway trust fund. On the one hand, you have a very powerful corn producers farm lobby asking that the break be continued; on the other hand, the highway users form another powerful lobby which is saying, "Take it if you wish, but do not take it from this fund because various states are suffering."

Hon. Mr. Kerrio: Can I ask one more supplementary? There was a report by the House of Commons-Senate committee on alternative fuels that you and Barry Beale presented to the House of Commons. If anyone is interested, I thought that we would provide them with a copy of that particular submission.

Mr. McGuigan: You mentioned that there are problems—

The Vice-Chairman: Mr. McGuigan, can I interrupt you for a second?

We have half an hour left in these estimates. I want to take a poll with the committee members to see if they wanted to move on to energy technology research. What are the wishes of the committee members? Do you want to carry on with alternate fuels research, or what?

Mr. Jackson: I think we should get going.

The Vice-Chairman: All right.

Mr. McGuigan: It is a big concern of Ontario farmers, especially the corn farmers. I have one technical point. You mentioned we have a problem in Ontario with climate, but it is successful in Manitoba. Is it just a matter of temperature, or does our high moisture here enter into it?

Mr. Greven: First of all, what is being used in Manitoba is not an ethanol-methanol blend. The ethanol-methanol blend is being used at the moment in Saskatchewan. Primarily, the problem is the level of moisture of the air in Ontario. It is very dry in Saskatchewan.

Mr. McGuigan: We do have greater problems.

Mr. Greven: I do not wish to imply there is definitely a problem. There is a potential problem. A year from now, at the conclusion of the test being done by the Ministry of Transportation and Communications, we will know much better whether or not there is a problem.

The Vice-Chairman: Can we move on to the next section, since we have half an hour left?

Dr. Higgin: You can follow the chart on renewable energy. We have those famous petajoules there. Petajoules are quite dangerous; you have to watch them. They are not like spruce budworm.

The next page says, "Energy technology research, overview of government research and development support." I see we have our audio-visual aides now, so you can either choose to follow the book or sit back and be entertained with the slides.

Mr. Greven: In the interests of time, the slides really do answer two questions. First, is there a requirement for energy research today and, if so, what are other governments doing? Second, when I took over responsibility for this function, I was told that the private sector was not willing to fund longer-term energy research.

Last, I would like to give you a taste of the thrusts of what we are doing. We are making some changes in the traditional energy research pattern.

The first slide points out that in Canada, the federal government has significantly restricted or reduced energy research and development from approximately \$170 million in 1984-85 to \$100 million for the next fiscal year, and then decreasing slightly. The majority of this cut has resulted from the total elimination—and it is hard to tell which comes first—of the energy research division of the National Research Council. That is in the order of \$40 million per year.

The United States has also been a major player in energy research. Nondefence research and development of the US government is being cut by 10 per cent this year to \$2.8 billion. This has resulted in some states increasing their energy research and development. However, I think the key point here is that using the usual 10 to one rule, the US is still a very significant energy research player compared to Canada.

US defence energy research and development—which is not nuclear bombs, per se, but new sources of energy which can be used in weapons systems—is somewhat larger than nondefence research and development. The total energy-related research and development is in the order of \$5 billion-plus, funded by the federal government.

Taking the western world as a whole, energy research and development remains surprisingly strong. The western world as a whole—and the numbers tend to run a year late—is either level or slightly below the previous year.

12 noon

While the US and Canadian numbers are not too significant over the whole factor, and while the US is knocking money out, nuclear research and development in Germany and Japan is up substantially. The European Community is looking hard at converting agricultural biomass, also known as the wine lake, into fuel ethanol. Solar has been given a very major program in Japan.

What are our priority areas these days? We are participating in the EnerSearch program. There we are supporting private-sector initiatives in whatever area comes to us. It is a little too early to tell what it will be, but certainly lignin research to promote the economics of waste wood to ethanol is one major factor. Whether it becomes funded is open to question.

There are a couple of highlights. I have already mentioned the St. Lawrence project where the end result would be cost-effective fuel ethanol.

There is another interesting program which we have now. We are supporting work of the Ford Motor Co. in Oakville to put 20 Crown Victorias on the road which will have the option of burning either methanol or gasoline in any percentage from one fuel tank. This car knows instantly that it is getting methanol and adjusts its on-board computer accordingly. We feel this will give a real impetus to the Canadian auto parts industry in getting on board early in a methanol vehicle.

There is a potential offshoot as this same vehicle could be used for ethanol in certain niches, markets close to the supply of wood waste, where there are massive supplies of ethanol available at an attractive price.

Members have mentioned peat. We are working in co-operation with the New York State Energy Research and Development Authority. As a matter of fact, today they are bringing us a fairly well-defined proposal for using lignin or peat as a means of producing a synthetic diesel fuel.

Going quickly over that one in the interests of time, I would like to talk about thrusts. In the past, we have had a very large emphasis on long-term research and development with little emphasis on applied research.

Our current major thrust is to assist the private sector in doing the research work it wants to do. We regard a private sector willingness to spend their own money as probably the best evidence we have that this is good work. There will be less emphasis upon long-term research and development with doubtful commercial potential. I do not want to say none, because there is always some role for the government in supporting

things that are too far into the future, but you should at least keep your intelligence up-to-date.

We intend to co-operate with the Department of Energy, Mines and Resources on a project-by-project basis, but we are prepared to move alone on projects beneficial to Ontario. The Ford flexible fuel program is one where we were able to play a very definite leadership position and to some degree drag the federal government in, kicking and screaming.

I mentioned the increased co-operation with the United States government. We are getting fairly close to an agreement with New York State. It shares many similar conditions and we find joint projects appear to make some sense. Last, we recognize the need to focus on those technologies which are relevant to Ontario.

The Vice-Chairman: Are there any questions on this section? If not, we should proceed. The next section is: "Conservation energy technology development, a summary." Are you going to present that?

Dr. Higgin: I was going to wrap up, Mr. Chairman.

Hon. Mr. Kerrio: The reason we are not going too much further is to allow the committee members and critics to address this particular area.

Mr. Chairman: Okay.

Mr. Higgin: To summarize, as we stated at the outset of the initial presentation, we are still a heavy user per capita and per unit of gross national product in Canada. We still have a large energy bill in Ontario. Although we have made gains in energy efficiency, we are still lagging behind.

We strongly believe that the energy conservation and efficiency programs we have in place require continual review to make sure they are relevant and we need to get some new initiatives launched. We are assisting the province towards improved energy efficiency and trying to capitalize on the opportunities from energy technology.

We believe the conservation technology has short to medium-term technology impacts on our energy-use patterns. We also think that, in the medium term, things such as alcohol fuels will contribute to our energy use. With respect to some of the longer-term research projects, by their very nature, it is difficult to predict which are the winners and which are the losers. The government has often made the mistake of trying to pick those in the past to too great a degree.

Looking to the future, there is no question that the emphasis has to be on increased energy

efficiency, particularly in those areas of our economy where energy is an important cost input and therefore a competitive factor in industry, commerce or transportation.

The Energy 2000 technology show graphically brought home to us the existence of many companies supplying energy products and services. We should never forget they are like any other area of business, companies we want to see develop and go on to better things, to grow. One of our other objectives is to assist them in developing and selling their products and services.

Coming back to the fact we are talking about the government on the one hand having increased expenditure pressures, raising revenues and taxation, we strongly believe, on the other hand, that it can do more to reduce its energy bill. That will be a direct benefit to the province and taxpayers by reducing the operating costs of government. That must continue to be a key thrust.

For the longer term we feel that, through diversity of supply, small hydro as well as big hydro and co-generation, we will increase our overall energy security and the options we have available. We will be more flexible in meeting whatever the future throws at us.

That is where we are going. We have given you an overview of our programs. If there are any follow-up questions when you read the material you have been given, the minister will be pleased to answer them, even outside this session.

12:10 p.m.

Hon. Mr. Kerrio: Yes. Having said that, I would like to follow up by suggesting that we are prepared to provide information on any of the areas about which the critics have some concern or questions, including a visit to our energy section.

Mr. Charlton: I would like to make a few summary points.

In my opening remarks I have been through most of my positive perspective comments and the minister commented on that in his response. I have some concerns about some of the vibes I pick up from comments made here today and in the previous session on conservation.

My concerns revolve around this whole concept of commercialization. Essentially, as a society we got caught with our pants down in the 1970s. The impact this had on the economy of our society was devastating, as I think we are all aware. It was devastating to individuals, to home owners and to industry, to manufacturing. From my perspective, one of the major roles we have to

play, and this ministry has to play, is to ensure this does not happen again in the future.

In the comments I am going to make, I want it to be understood that there is relevance to this commercialization discussion. Obviously, we do not want to spend a lot of taxpayers' dollars on research relating to things that economically might not be viable for 200 years. On the other hand, as a government and as a Ministry of Energy, we have to be prepared to do fairly substantial amounts of work on those things that are within that reasonable band of nonviability, outside the system, at this point.

The private sector is not going to do that. To some extent, you are going to have some minimal work going on, but to the greatest extent, they will not do it any more now than they did in the 1960s and the 1970s. That is the place where our emphasis has to be, in the short and middle term.

For us to write off totally that sector of potential energy sources is folly, in looking at the next three or five years in relation to what has happened in regard to the levelling and dropping of energy prices in some sectors and has caused a stall in that process. We have to continue so we are in a position to respond quickly and effectively when, as we all know, that trend reverses itself and starts upward.

For us to miss that boat will have ultimately devastating economic and social effects in this country and in this province. In my view, it is one of the areas in which we have to sit down and think through the whole process very carefully with respect to public sector involvement. I have no quarrel, as I said in my opening statement, with moving to privatize the things that have already become economically viable, and assisting the private sector to get on with that job.

On the other hand, I see major areas in the energy field where this government and this ministry have to continue and have to be increasingly prepared to play a role in research and development. Then, when that tide turns again, instead of having to spend a decade or 15 years trying to cope with the economic realities of that shift, we will be in a position to do it in a very short space of time. Without dragging my comments on any further, that is one of the serious concerns I have.

I may be overreacting to comments that have been made here, but I sense, throughout the presentations that were made, that we are pulling back to a large extent from those areas that no longer look as desirable as they did five years ago. The reality is that, five, six, eight or 10 years down the road, we are going to need access

to the technologies and approaches to energy use that, for the moment, may not be viable in their commercial application but that can become so in a very short space of time. That is one of the major focuses this ministry has to have for the future.

Hon. Mr. Kerrio: I may not be able to respond to that kind of input in the depth you might feel I should, but I would like to say, particularly to the critics who generally bring forward their feelings about these circumstances, that when these estimates are over, that is not the end of it. I prefaced my remarks by suggesting that we have some excellent people on staff in the ministry who are perfectly prepared to share with you their expertise in these fields.

As an overview of your concerns, I suggest that in some cases you are right. There has been what I consider a new thrust. We had been giving high priority to activities such as diffusion in hydrogen involvement, and it appeared that we were looking at things that were considerably down the road.

You mentioned that we are in a time when energy does not seem to have pressing needs because of prices. You are absolutely right, but that is not to say that we are not going to look at the new direction we should take in research on the government side. That is the very process we are going through now. Your input is valued input that I look forward to receiving.

Another thing that has happened, and I am sure it must be coming through to all members of the committee and many members of the Legislature, is there is a new willingness on the part of Ontario Hydro to take another look at conservation, maybe not so commercialized if it is done in that role.

I think your comments are valid. I feel I may not be able to fully satisfy you because we are in the throes of looking at new directions. Yes, we have in some cases considered that those expenditures that are quite far off in the distance are going to be curtailed somewhat, but the alternative involvement with energy resources and the research that needs to be done is certainly going to be taken into account.

Mr. Jackson: I know we have votes as yet to do, but I wanted to state that as a new member of the Legislature it has been a very interesting and eye-opening experience for me to go through the process of estimates. I was under the impression that it was a process by which we, as legislators, had an opportunity to gain access to the goals and future plans for the ministry as seen through the body that sets the policy, that is, the minister and

his policy advising group. I feel we have not been given that opportunity as much as I had hoped.

Many of the questions we raised and responses we received last night in our discussions with Mr. Macaulay and Mr. Rowan indicated that. We also got a feeling that they were uncertain and looked to you for more clarity about that future. Again, I did not feel we were able to get clear statements.

I know in the area of energy renewable resources and conservation, your opening statements talked at length about your commitment. Yet your actions to date would indicate the severing of several programs. Even by your own definition they were "goofy deals," but they were still dollar allocations to what the ministry of the day felt were investments, which we heard were well within their market value at the time they were invested in. These projects are now going to be passed by.

Where is the commitment of this ministry to spend those dollars targeted in the area of research and renewables? I am not talking about removing a \$20-million program and replacing it with a \$3 million EnerSearch program. The kind of commitment we gleaned from your opening statement is not what we are seeing applied to your future plans for your ministry.

Even according to the statement of your own member, Mr. Mancini, some of the responses we received on the whole issue of energy from waste were not good enough. The good news—

12:20 p.m.

Hon. Mr. Kerrio: He did not quite say that. He said that what we are doing is not good enough; he did not say that the answers were not good enough. He thinks more should be done, and very properly so, but that is perhaps a small understatement that has to be put on the record.

Mr. Jackson: There was the good news that an interministerial group is operating. I am very pleased to see that. I think you have received consensus in some form from all three political parties on the whole issue of looking at the social costs associated with the environment.

We get responses, however, that may be 10 years away from practical application. It seems as if we are doing an awful lot of re-researching in areas that the Ministry of Energy has already been in. I do not think we got a clear answer to a question I raised in my opening statement about your future intention to maintain a separate ministry. I hope at some point you will respond to that as well.

Hon. Mr. Kerrio: I can respond to that immediately. As far as maintaining a separate

ministry goes, the prerogative there rests with the Premier (Mr. Peterson). There are many places where there is an advantage in the two ministries working together, because they are very much related. I would not speculate too much; I do not think there has been any discussion.

Mr. Jackson: My question was not on process, but on your commitment, as minister, to maintaining a separate ministry. I know the process.

Hon. Mr. Kerrio: Yes. I would not be prepared to give you a firm commitment as to the future—

Mr. Jackson: To your ministry.

Hon. Mr. Kerrio: No. The two ministries have two distinct staffs. They are being run by very able people—

Mr. Jackson: Not by the minister.

Hon. Mr. Kerrio: Let us be honest. That does not offend me. We have some excellent people. If you had been the minister for 20 years, do you think you would understand everything that some of the people who appeared here before you put forward? I do not believe so. I could not, but you may be different. A great deal of the work is done by people who are experts in their field. The minister sits and makes decisions based on the material provided. I am pleased to share that with you.

Mr. Jackson: I do not think we are getting into an understanding of the minister's role in comprehending his ministry. Enough has been said during the course of these estimates about major policy thrusts that have been abdicated by your own staff, who said these clearly rest in the purview of the minister.

Hon. Mr. Kerrio: I do not make decisions.

Mr. Jackson: I am getting mixed signals now.

Hon. Mr. Kerrio: You always will. You will not agree with what I am doing. They will be mixed, and I accept that. That is what this government is all about. That is fair.

Mr. Jackson: Your statements in Hansard are well documented about your unwillingness to take a fixed position.

Hon. Mr. Kerrio: I have to share with you the fact that, having been here a few months, some considerable work has been done on the whole

turning around of things, and the new thrusts, and you are going to be the first to know what the new policy is as it evolves. Some of it is being put right on the table here. It may not be adequate to your questioning. That has always been the case. I was never given all the answers to the questions I asked.

I feel this is a good exercise. The important thing that comes from this is my willingness to suggest that you and the other critic are going to be given every bit of co-operation you desire. All the answers are not going to be given here, but there will be more to come, and you are welcome to participate. I have no problem with that.

Vote 2203 agreed to.

Vote 2204, including supplementaries, agreed to.

Vote 2205, including supplementaries, agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Energy. Shall I report the estimates of the Ministry of Energy for 1985-86 to the House without amendment? I shall do so.

Mr. McGuigan: Before you do, Mr. Chairman, I would like to move a vote of thanks and compliments on the excellent chairmanship we have had on this committee.

Mr. Chairman: It is most appreciated. Thank you, Mr. McGuigan.

Mr. Charlton: It was most excellent when you were not here.

Mr. Chairman: I know that. I think I speak for the committee too in thanking the minister and his staff for their help before the committee. Last night was a good example of how we can have access to the people who have some answers for members.

Hon. Mr. Kerrio: Before we adjourn, I want to thank you. It has been an interesting exercise. Maybe you did not get all the answers you wanted, but you will. I would like to thank the two critics for helping me through the trying times of my first estimates.

Mr. Chairman: The estimates of the Ministry of Municipal Affairs will be tomorrow night at 8 p.m. We are adjourned until then. Thank you.

The committee adjourned at 12:25 p.m.

CONTENTS

Wednesday, January 22, 1986

Energy management and technology program.....	R-787
Adjournment.....	R-809

SPEAKERS IN THIS ISSUE

Charlton, B. A. (Hamilton Mountain NDP)
Jackson, C. (Burlington South PC)
Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
Laughren, F., Chairman (Nickel Belt NDP)
Mancini, R. (Essex South L)
McGuigan, J. F. (Kent-Elgin L)
Pierce, F. J. (Rainy River PC)
Ramsay, D., Vice-Chairman (Timiskaming NDP)
Smith, D. W. (Lambton L)
South, L. (Frontenac-Addington L)
Taylor, J. A. (Prince Edward-Lennox PC)

From the Ministry of Energy:

Allan, D. M., Deputy Minister
Greven, R., Manager, Energy Technology Research, Programs and Technology
Higgin, Dr. R., Assistant Deputy Minister, Programs and Technology
Johnson, S., Manager, Alternate and Renewable Technology Development Section,
Programs and Technology
MacOdrum, I. B., Assistant Deputy Minister, Policy and Planning Division



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs

First Session, 33rd Parliament
Thursday, January 23, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, January 23, 1986

The committee met at 8:07 p.m. in room 228.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS

Mr. Chairman: The committee will come to order.

We are here to deal with the estimates of the Ministry of Municipal Affairs and have been assigned five hours by the Legislature. If that is not bad enough, we also have been assigned the vote on the Niagara Escarpment Commission to be contained within that five hours. I hope it is understood we are under some time constraints, that the minister and the ministry as well as the members clearly comprehend that, so that there will not be a high level of frustration towards the end of these estimates debates.

We should complete these estimates tonight and next Tuesday night, beginning at 8 p.m. We may have to overlap into Wednesday morning in order to utilize the full five hours. However, there are serious time constraints on these estimates debates as agreed to by the three House leaders.

Without further ado, we shall begin and I ask the minister to proceed. I think he has in mind some presentations and the opposition critics are aware of that.

Hon. Mr. Grandmaitre: I had a long chat with the chairman this afternoon and he granted me permission to make my presentation in French. I thank you for that; but nobody will understand where the hell I am coming from.

Mr. Breaugh: That will be normal.

Hon. Mr. Grandmaitre: Thank you, Mr. Breaugh.

As the honourable members are aware, I was given the honour and privilege of being named the Minister of Municipal Affairs in June 1985. In this portfolio are the responsibilities for municipal affairs and community planning.

I have had the opportunity to examine closely many of the complex matters which are my ministry's responsibility, and I have come to appreciate the great diversity in our municipal system in Ontario. The important role sound municipal government plays in determining the quality of life we enjoy in the province is

reflected in the ministry's responsibilities and the programs it administers.

The ministry maintains a close working relationship with the Association of Municipalities of Ontario, involving regular meetings which I, as minister, hold with AMO executives about six times annually. These meetings are informal and aimed at mutual examination of common concerns. Our relationship with the AMO also involves a number of joint undertakings by which the AMO, as the collective voice and focus of Ontario's 839 municipalities, and the ministry co-operate in meeting specific local government needs. Our current seminars for newly elected members of council are an excellent example.

From my remarks today and the presentations we shall be making later, you will find the ministry is committed to ensuring the vitality of Ontario's municipalities.

8:10 p.m.

One presentation will be on the Niagara Escarpment. Responsibilities for the Niagara Escarpment were assumed by this ministry last August from the former Provincial Secretariat for Resources Development. These include the Niagara Escarpment Planning and Development Act, the Niagara Escarpment Commission and the overall co-ordination of the plan implementation process.

An initiative of the ministry is to bring local official plans into conformity with the Niagara Escarpment plan and to delegate land use regulation, initially, to upper-tier municipalities within the Niagara Escarpment area. This initiative is directed towards transferring responsibilities for implementing the Niagara Escarpment plan from the Niagara Escarpment Commission to municipalities. This will be achieved by eventually transferring land use controls to local municipalities.

We also are conducting a thorough review of existing legislation with the intent of producing beneficial changes to the Niagara Escarpment Planning and Development Act and its regulations. In particular, we wish to adopt a process which will speed up the time required to amend the plan while maintaining the quality of the process. In that regard, I wish to stress my strong commitment to ensuring that the integrity of the Niagara Escarpment plan is maintained.

I have instructed the staff of this ministry to establish a monitoring system to ensure policies of the Niagara Escarpment plan are implemented and decisions on proposals are consistent with the objectives and policies of the plan.

Now I would like to turn to the area of unconditional grants which the ministry transfers to the 839 municipalities of Ontario. Each year the province transfers funds to municipalities under the Ontario unconditional grants program of this ministry. Funding through this program provides municipalities with a stable source of revenue and helps to alleviate local tax burdens.

Through open lines of communication with individual municipal representatives and the Association of Municipalities of Ontario, we ensure the program is as responsive as possible to the needs of municipalities. To this end, the ministry continues to monitor the impact of the program and initiates changes when necessary.

In 1984, changes included the elimination of the rate differential between municipalities in the police grant for regional and local police forces as well as introduction of a revenue guarantee so each municipality would receive a minimum grant increase. Further changes to the police grant occurred in 1985 with an increase of \$3 per household. This extra funding was in response to the increased financial pressures at the municipal level associated with providing police services.

In 1986, the general and the northern support grants will be increased to six per cent and 18 per cent respectively. These rates were in effect until 1983 and their reinstatement has been requested by municipalities. All these changes have been supported by the AMO.

Next, I want to address briefly three items: municipal elections, municipal liability insurance and demolition control.

The November 1985 municipal elections raised a number of concerns relating to voting procedures, enumeration, recount process and voter turnout. In my mind, there can be no doubt the quality and image of the municipal election process is of critical importance to the health and reputation of the municipal system. Therefore, I have directed that a comprehensive study of municipal election procedures and issues be undertaken.

As well as looking at the issues I mentioned, the study will cover such issues as election spending and fund raising, accessibility to voting, preparation and conduct of elections and training of municipal staff. One initiative I have already taken is the passage of Bill 38, the Municipal Elections Amendment Act. It re-

ceived royal assent on December 20 and enabled the act to conform to the Charter of Rights and Freedoms.

Another area of major municipal concern is that of municipal liability insurance. Recently, my colleague the Minister of Consumer and Commercial Relations (Mr. Kwinter) announced that an interministerial task force would be set up to address the problems relating to the provision of property and casualty insurance in Ontario. A representative from my ministry will ensure municipal concerns are thoroughly considered by the task force. Municipal insurance concerns are being identified for the ministry's task force representatives by a joint provincial-municipal advisory committee established by the ministry and the AMO.

In the area of demolition control, ministry staff have been working closely with colleagues in the Ministry of Housing to ensure that as much as possible of the province's rental housing stock is protected. I soon shall be seeking the agreement of cabinet to a proposed legislative amendment to enable municipalities to have more effective control over the demolition of residential buildings. We also shall consider special provisions that may be requested by individual municipalities through private legislation.

In the related area of community renewal, we have seen an increased emphasis on maintaining existing public infrastructure and community facilities and investments. Community improvements can make a significant contribution to the economic and social health of a community, and that enhances the health of the province as a whole.

It is one of my ministry's priorities to assist in community improvement activities by providing opportunities and incentives for both the municipal and private sectors. We lend support through financial assistance under the Pride package, or the programs for renewal, improvement and development of Ontario communities. This package consists of the Ontario neighbourhood improvement program, the commercial improvement program and the business improvement area concept.

Under ONIP, municipalities receive a 50 per cent grant for projects to upgrade municipal services, public utilities and social and recreational facilities. Under this program, the ministry has committed close to \$57 million to 216 projects in 141 municipalities. To date, it has paid out over \$24 million. As one further benefit, this program has encouraged the renovation of about 4,433 residential units and the develop-

ment of around 1,031 new housing units in ONIP areas to date.

The commercial area improvement program, or CAIP as it is commonly known, is designed to help municipalities improve downtown areas and other older commercial districts. The ministry has committed \$9.5 million to 42 CAIP projects in 37 municipalities, and has contributed \$1.8 million to date.

My staff and I are continuing to examine ways to improve the Pride package by considering a program to address the needs of older industrial areas. As important sources of employment and major contributions to the local tax base, we believe these areas can be revitalized in much the same way that ONIP and CAIP have revitalized residential neighbourhoods and commercial areas.

Concerning the establishment and operation of business improvement areas, we are reviewing section 217 of the Municipal Act, which governs BIAs. Comments are now being received from some of the 185 active BIAs in the province and many municipalities on proposed changes to the legislation.

The ministry has recently established a review of section 31 of the Planning Act dealing with property maintenance and occupancy standards in Ontario. Both of these reviews focus on the needs of municipalities and the public, and should make a significant contribution to a legislative base for community improvement in Ontario.

8:20 p.m.

The needs of municipalities to keep pace with changing technology and management skills are also being met by the ministry. Municipal Action '85, a three-year ministry program, was launched in 1982, supporting municipal initiatives in four main areas: training and development, management systems, the basic accounting and control package, and general initiatives. The province receives value for money for municipal action.

Although the program ran its course and terminated on December 31, the ministry will continue with the best aspects of the program. These include the successful basic accounting and control package which was installed by 256 municipalities, the sharing of information on 290 management systems which we funded, and staff development and education.

I am discussing with the Association of Municipalities of Ontario ways on how we might continue with a form of financial assistance to encourage staff to take advantage of educational

and training opportunities. I have asked the AMO to consider if these grants should also be made available for members of council. This ministry is exploring a number of educational options to suit the needs of Ontario's municipalities. Education and development for municipal staff is a top priority at my ministry.

Highly instrumental in the ministry's ability to deliver services to our client group is our field service branch, with 10 offices in the province: Cambridge, Guelph, Kingston, London, North Bay, Orillia, Oshawa, Ottawa, Sudbury and Thunder Bay.

The municipal advisers who staff these offices provide advice to municipalities on municipal finance, administration and legislative matters. Some 300 seminars are delivered each year by the branch, and each office is now equipped with a microcomputer connected to the ministry's municipal analysis and retrieval system data base.

MARS, as it is known, is a large data bank of information on each of Ontario's 839 municipalities. This technology enables each field office to provide detailed financial information about every municipality in the province. My staff has a presentation on this technology. As another example of our use of modern technology, we shall be simulating a financial evaluation of a municipality and are prepared to show it to this committee during this debate. As well, field service branch offices provide a great deal more. For example, the Orillia field office set up five disaster relief offices when tornadoes struck in central Ontario.

If there is time during this debate, the municipal boundaries branch also has a presentation on the process now used to assist elected municipal representatives in resolving intermunicipal boundary and boundary-related issues.

We also are pleased that, during the past few months, we were able to announce agreement between the province and the township of Vespra for financial compensation arising out of the 1984 annexation legislation involving the city of Barrie, as well as the township and the county of Simcoe.

The community planning advisory branch, through its grant program, has provided more than \$10 million to help local governments develop sound planning policies. This branch, with offices in Toronto, Willowdale, Sudbury, Thunder Bay, Ottawa and London, is also looking at ways to expand traditional educational programs.

Branch staff recently interviewed over 100 politicians, planners and municipal staff to evaluate current programs and assist in the development of new, responsive educational materials. During the next year we shall be focusing attention on the needs of municipal politicians, and shall continue to provide seminars and workshops for professional planners and planning administrators.

Typical of these efforts in education is participation in the current round of new councillors' seminars. These will be attended by some 1,400 councillors who will be involved in about 30 seminars. One component of the presentations deals with the community planning process, and my staff are prepared to give a short presentation to the committee on this later.

Other topics covered in new councillors' seminars include topics on conflict of interest, assessment, financial planning and budgeting. These seminars are very well received. I wish they had been available when I entered municipal politics.

To enhance our educational efforts, the research and special projects branch provides technical advice on community planning matters for a variety of audiences. Most recently the branch has published reports dealing with the use of computers in the planning process, the reuse of public buildings and improvements to commercial areas and others.

In 1986 new publications will deal with industrial revitalization, retirement communities and parking standards. The ministry's municipal management policy branch produces publications aimed at improving the general and financial management capacity of Ontario's municipalities. I have asked my staff to make a number of these available to you during this debate, and they are now displayed for you to see at the table by the door.

The ministry, as you will see, has a number of publications that are current and well on their way to becoming best sellers for their respective audiences. Research continues for new publications that will serve both elected municipal officials and their staff with the best information available. This is another way in which the ministry helps maintain a system of municipal government that delivers services second to none in the world.

I hope my remarks today give you a clearer idea of the many areas of responsibility within the Ministry of Municipal Affairs. There is a temptation to go on and on about what we do, but

I will now yield the floor to the honourable members, who I am sure are anxious to proceed.

Mr. Chairman: Thank you. In keeping with one of the finest traditions of this place, I will turn the meeting over to the opposition. Mr. Brandt, I am sure you have some words.

Mr. Brandt: I have a few brief remarks, Mr. Chairman, but before I make my comments, I wonder whether I might ask a question of the minister with respect to how we might maximize the use of the five hours allowed this committee and this ministry for estimates purposes.

A number of presentations were referred to in the minister's comments, and I wonder whether he might give us some indication of how he intends to proceed with respect to the logistical flow of information from this point on.

We can begin with our response now, and I am sure the New Democratic Party critic is ready as well. Would it be best to do it that way or for us to follow the presentations? I am in your hands as it relates to that.

Hon. Mr. Grandmaitre: Mr. Chairman, I thought that when the time came to talk about the Niagara Escarpment, for instance, we could have the slide show or whatever. The same thing applies to the Municipal Action '85 program, the computers and so on.

Mr. Chairman: May I suggest that we go ahead with the opposition's presentation, Mr. Brandt? At that point the opposition critics will be able to gauge it better, as well as how much time they will want to allow for the various presentations.

Mr. Brandt: The length of the presentations concerns me, as well as the prioritizing of those presentations. There may be some that we feel stronger about and may wish to deal with in more detail, and others that perhaps—not to slight those particular areas of involvement—we may wish to skim over simply because the time is not available to deal with them in sufficient depth.

I leave that for your consideration. Certainly, with the concurrence of the committee, I would like to be somewhat flexible on that point so we can cover the areas of most interest.

Mr. Chairman: I do not mind saying to you that I also expressed my concerns to the minister about the length of the presentations, because the estimates are a forum for the opposition at least as much as for the government. I share your concern.

Hon. Mr. Grandmaitre: Mr. Chairman, may I suggest to you that we could possibly look at

two presentations this evening, "Why Plan?" and the Niagara Escarpment.

Mr. Chairman: We will see how long the critics take. Mr. Brandt?

8:30 p.m.

Mr. Brandt: Thank you. I look forward to these estimates. I have not had a great deal of involvement in municipal affairs, quite frankly, during the last couple of years, other than through my contacts with the local council in the riding I represent. I have, of course, been an active and interested observer of municipal affairs, however, in some of the other responsibilities I have had in various parts of the government.

There are some concerns that the minister did not touch on in his remarks to which I want to address his attention. They relate in a very direct sense to the functional and efficient operation of municipalities.

One of the concerns I have had for a number of years as it relates to the financial planning process of municipalities is the lack of uniformity in the capital budget planning process as it relates to municipalities and their relationship with the province, particularly with the Ontario Municipal Board.

I speak specifically about the fact that in Toronto, once the Ontario Municipal Board approves of the capital budget applications on behalf of that municipality, it is not required to go back to the OMB for a line-by-line approval of its expenditures as the year progresses.

All the other municipalities in the province, to the best of my knowledge, have a somewhat different method of operation that requires them to receive approval for the proposed expenditures in their capital budget, after which they then have to go back and get a line-by-line approval as the budget is processed throughout the year.

This causes a number of delays and complications for local municipalities. Let us take capital road construction or sewer construction as an example. I have seen situations in which a municipality, because of even a very limited delay in the approval process that is required at the present time, can be shoved right out of the construction season into a new year. This was a much more serious problem when we had double-digit inflation just a few years ago. It is somewhat less a problem today, when we are running at about four per cent inflation, but a contract could be increased very substantially as a result of that delay.

I raise this point to see whether the minister, in conversation with his ministry officials, might

look at the possibility of recognizing those municipalities that do have a full, sophisticated financial planning mechanism.

I am obviously not talking about the very small municipalities, where this might not apply. However, certainly communities like Ottawa, Hamilton or Kitchener, even municipalities of the size of the one I represent and perhaps municipalities with a population as low as 20,000 or 25,000 may well be in a position where they have sufficient financial responsibility to get a blanket approval.

I am not to any extent whatever arguing that this is necessary, but the province should have a general overview of the financial direction in which that municipality is going to make sure the municipality does not get itself into a financial problem.

Once it has received that approval, it is a duplication of effort, and obviously very time consuming, to require a municipality to go back when it has much the same expertise and capabilities as may be evidenced in a community as large as Toronto. I would ask you to look at that area of concern.

Another concern I want to bring to your attention is one that I know the Association of Municipalities of Ontario has discussed with you. It is one I have been concerned about and was somewhat involved in as well in an earlier ministry for which I had the responsibility, and that is the issues of sewer funding, construction and road building in our municipalities.

Given the present level of financing available in the budget document you have tabled—and I do not have any hesitancy in saying even in the budget documents I have seen during the past number of years—the question is raised of whether we are letting the infrastructure of our municipalities deteriorate or whether, on the other hand, we are providing sufficient financial assistance to municipalities to maintain the roads and sewers we now have at least at their present level of quality.

We are not funding those programs in an adequate way. Sewer construction has a very direct impact on the environment. In most of the built-up municipalities the separation programs are prohibitively expensive for municipalities. On the other hand, road programs are running into the self-same problem.

The minister might say that roads come under the Ministry of Transportation and Communications and sewer construction comes under the Ministry of the Environment, so why am I talking about them together.

I read with some degree of interest the minister's speech to AMO in which he talked about the one-window approach for municipalities. I assume from his description of the one-window approach that he wants municipalities to come to him with their problems and their difficulties so that he would be the spokesman for them, would carry their concerns to his cabinet colleagues and would fight for what he believes to be right, just and necessary for the various municipal governments throughout our province.

I have to make the strongest argument possible that in both areas, sewers and roads, we are funding inadequately. We are falling behind with our programs to an extent that the costs of repair and construction will make it even more difficult to maintain the quality of life in our community as the years progress.

With respect to grant programs generally, I am very sympathetic to the constant requests by local municipalities for a fundamental shift in emphasis from conditional to unconditional grant programs. I see our municipal colleagues becoming considerably more capable and sophisticated than they were in the days when the minister and I served as mayors of our respective communities. They have matured to the point where they will be able to handle priorities in their own communities in a better and more effective way if we allow them some degree of flexibility.

Establishing priorities in Toronto and superimposing them on the local municipalities by way of conditional grants is something that has to be looked at very seriously by your ministry in terms of the philosophical direction it wishes to proceed in the time ahead. In a time of restraint, when municipalities have a very limited amount of money, and transfer grants in this particular year increased by about the rate of inflation, around four per cent, municipalities do not have a great deal of flexibility in their financial planning programs.

Providing dollars unconditionally means not necessarily that more money has to flow to municipalities but that it flows in a somewhat different fashion. Giving the municipalities that flexibility at the local level with unconditional grants can be a very real part of the restraint package the government is concerned about, from what I have heard in various policy statements, and would also address the concerns of local municipalities by allowing them to establish their own local and specific priorities. In many instances they do not have that kind of flexibility.

I want to raise some questions on the issue of annexation policy and boundary disputes. I know the minister is directly involved in and aware of the boundary dispute going on in my municipality. I know the ministry has been struggling with a solution to that issue and a mechanism through which the matter can be resolved, one hopes, on a local level.

8:40 p.m.

However, the ministry has taken some relatively unusual steps, one of which was to forward to the municipalities involved in this dispute your position, which calls for the annexation of some 5,000 acres in Sarnia township to the city of Sarnia, and to request a response from the municipalities in conjunction with ongoing negotiations to give you some indication of whether they were satisfied with your proposal or whether they could offer an alternative.

I want to know from the perspective of both the ministry and the minister whether there is the intent to impose a settlement on an area—not necessarily mine but any area—when the resolution of a boundary question appears to be impossible and it appears that the municipalities cannot arrive at a settlement on their own. Is it your intention to superimpose a solution or to allow negotiations to continue for an endless period of time?

In my municipality the argument could be put forward that these negotiations have been going on since the early 1950s. I realize it is not a matter of solving a simple problem, but they have been going on for a long time. I would like some indication from him of what his intentions are, not necessarily at this time, and what his specific solution is. I do not intend to press for it, because I understand the sensitivity of these kinds of negotiations.

Perhaps the minister might expand on the policy of his ministry and his government and indicate how he intends to handle these disputes. Does he concur with the Barrie-Vespra solution, where the government did step in and cause an annexation? It also stepped in in a rather responsible way with some concurrent financial assistance to make sure that no area would be badly done in the change of boundaries that might take place.

Mr. Breaugh: I feel a speech coming out.

Mr. Brandt: No. I am winding up to it, perhaps.

There is one area of very severe criticism I have to launch at tonight's meeting, and I will try to be mellow and hospitable in my remarks as they relate to this area of concern. I feel that the

matter of liability insurance for municipalities, to which the minister gave the sum total of four partial paragraphs in his opening address, is totally inadequate and does not in any way respond to the needs of the municipalities.

I know and you know that back in August, at the time of the AMO convention in Ottawa, the municipalities made it abundantly clear that there were going to be severe problems with liability insurance. From your remarks and from the remarks of some of your colleagues I received the very clear indication that municipalities would not be left all by themselves to try to suffer through this problem or to come up with some solution, but that you would attempt either to develop a pool of municipal funds to cover losses related to liabilities or to negotiate directly with insurance companies to attempt to find a way to alleviate the impossible increases that municipalities are facing. I am speaking not only of municipalities, obviously, but also of school boards and other government functions that are being hit severely at the moment by these premium increases, which amount in some cases to more than 1,000 per cent.

The time for us to establish a task force to review this whole matter, as suggested by your colleague the Minister of Consumer and Commercial Relations, is long past. If there was going to be a task force, action should have been taken back in the summer of 1985. We would perhaps not have had the most perfect solution in place today for the municipalities, but at least if action had been taken at that time, we would not find ourselves in a position today where we have absolutely no answers to any of the problems other than, "We will try in some fashion to help those who are facing a catastrophic increase in insurance premiums at the present time."

I do not know what the policy of the government is with respect to municipalities that are finding insurance totally unaffordable. In instances where insurance is even obtainable, it is at a cost that is impossible for a local municipality to pay without it having an extremely severe impact on its local taxation.

Is your government going to provide some form of unconditional grant assistance? Is it going to continue the provincial-municipal partnership, which historically has been a part of the relationship between our two levels of government in this province by providing some funding on a blanket or global basis across the province. How do you intend to respond? The task force report is to be completed at the end of 90 days. I anticipate you will predict long in advance that

the task force report still will not have the answers for the municipalities that are facing this crisis while we are speaking about the issue this very evening.

Something more direct and more responsive has to be developed such as additional money. If additional money is put into the budget, if you can find a way to extricate it from your very benevolent colleague the Treasurer (Mr. Nixon), I can assure you that as critic for the Progressive Conservatives I will not criticize that move. That number will flow in some fashion to the municipalities locally to help them over the immediate crisis. We have to have some short-term response, recognizing the immediacy of the situation. The task force and other studies that may be done over a longer period of time, may be able to respond to the longer problem, if insurance is going to be in the same condition in future years as it is right now. I hope that will not be the case. I look for your response to some of those questions as well.

Perhaps you can provide information on loans made to St. Catharines and Kanata in relation to investments they had in the Canadian Commercial Bank and the Northland Bank. I would like to know under what policies those loans were made and whether they were repaid. I would also like to know why, if my information is correct, East York was rejected for loan purposes, and whether there is a uniform policy across the province for all municipalities that had investments in those financial institutions.

The loans in some instances were very large and substantial. I feel this committee has the right to some information about those two matters. I would also like to know whether the money flowed directly from the Ministry of Treasury and Economics in connection with these loans or whether the money flowed through your ministry and, if so, where I can find it in the budget. I think the interest rates that were charged and the conditions that were relevant to those loans would also be of interest to some of the members.

I will try to be brief. I know this committee does not have a great deal of time. I have a number of other questions. The minister glanced over the Ontario neighbourhood improvement program very quickly in his opening remarks. I would like to know whether it is intended to phase it out, reduce it or completely remove it from your ministry with respect to the future, or whether ONIP will be woven into other programs you have identified for purposes of future planning and development in this province.

I noted with interest that you praised ONIP in your speech in Ottawa. I note with some degree of anguish that you have reduced the budgetary allocation for ONIP in this current budget year. I find that a little difficult to understand. On the one hand you are indicating it is a good program, while on the other hand the funding has gone down substantially.

I will close at this time and we will pursue some additional questions at a later point.

Mr. Chairman: I assume we should move on to the critic for the New Democratic Party before we ask the minister to respond.

8:50 p.m.

Mr. Breaugh: I was going to open up with my complete Vespra township speech, but we do not have quite enough time to get it all in. It is available on K-Tel cassette.

I am very mindful of the time constraint we are in. I want to talk about what I think is a major problem that is not just on the horizon; it is here. It is the very dramatic shift that continues in taking responsibilities, programs and concepts at the provincial level, and initiating concern around certain areas, and then shifting it all on to the municipalities.

This is a trend that has been set in place for a long time, and which continues. For example, my municipality and others now are responsible for child care. We have not built a lick of child care spaces in a decade, because the funding was not there.

Concurrent with that is the growth in the private sector of all kinds of what might be called social service programs. We are saying that it is the municipality's responsibility to provide things like child care, and they do, but it is going into the private sector, pretty well totally unregulated and unwatched. We are not sure exactly how it is proceeding. We have been unable to continue with that kind of work in the public sector for some time. The same thing is true of nursing homes, homes for the aged and all that.

It remains a major problem that we initiated them provincially, and in many areas set the standards, the rules and the regulations, said to the municipalities, "You must provide this service for your citizens," and then moved away from the financial obligation. That trend continues and I believe it is quite wrong.

Let me go on to a second area. Last spring, the Federation of Canadian Municipalities provided for the first time a national inventory that took away the argument of whether our hard services are sufficient. It clearly established that they are

not. In the period of financial restraint over the last decade we turned to municipal budgets. They would say, "We cannot afford to build a rink." That is clearly identifiable and a big argument would ensue about whether it was a good thing or a bad thing. Eventually, Mr. Brandt arrived with a Wintario cheque and they built it.

However, when it got to roads and unglamorous things such as sewers, that is where the cuts were made when one was trying to get some money out of a municipal budget. They did not get cut too much on the social services side, because to save 10 cents you had to lose 90 cents, or to save 20 cents you had to lose 80 cents.

The only area of a municipal budget that was really vulnerable to chopping was what are traditionally called the hard services—the roads and the sewers. It is not difficult to do that, because people do not like one to tear up the road in front of their house. There is usually somebody around who says, "Do not do that to me on my street." After you have done it, they all love the improvements, but while one is doing it, and looking at the expenditure, they do not like it.

Municipal councils do not have the luxuries the province has when it sets its budgets. A municipal council—unfortunately some would say, but fortunately from my point of view—is forced to do its budgeting right out in the open. People actually sit and watch a municipal council make budget decisions. People sit in the galleries of municipal councils, booing them when they decide to cut one service and cheering them when they decide to do something else. It is a totally open process, unlike ours, and one that is totally open to the public as well.

I believe the deficit in hard services now has been clearly documented by that survey. There is not even an argument about that any more. It is substantial and we now are going to pay a heavy price for not building and rebuilding those roads and sewer systems. We will never solve the problem of pollution on Toronto's beaches until we separate the sewers throughout the city. We will never solve our transportation problems, either, until we make major investments.

Let me pick one example from a speech the minister gave on December 17 to the Association of Municipalities of Ontario. I believe he is acknowledging what the problem is. Unfortunately, the response was not exactly what I would call super.

To quote in part: "As you remember, in 1983 the general support grant and northern support grant rates were reduced to 5.75 per cent and

17.25 per cent respectively. I know that this was an unpopular policy change with municipal councils.

"I am pleased to announce that, for 1986, the general support grant rate will be raised to six per cent"—up 0.25 per cent is the solution—"and the northern support grant rate will be raised to 18 per cent."

You identified the problem, all right, but the response—to use a polite, parliamentary term—was piffle. That was no response. To identify a concern and a problem, and then to provide that kind of response, is an insult to people. You are saying, "We know what is wrong with you, but we do not have the time, patience or priority to deal with your problem."

Let me deal with another matter about which I am not pleased by the response of the provincial government. Last spring, it was the buzz, to put it politely, in municipal councils, school boards, hospitals and everywhere else, to talk about the problems that might come about in liability insurance. They went on all summer and all fall in conference with provincial officials from various ministries. Everybody knew the size and shape of the problem and absolutely nobody did one thing about it.

Let me tell you what you are going to hear when your task force reports. They are going to say it is crazy for municipalities, hospitals and school boards—most of which will get nothing out of that—to dump what some people have estimated to be around \$100 million into private insurance companies this year. We will blow something in that order in this fiscal year, when we all know that we could have put what we paid for insurance premiums last year into a central fund that would have provided us with adequate insurance. That is going to be the solution.

You know that and the municipalities know it. They have talked about it for almost nine months now. The task force will probably talk about it for another three months. Mr. Brandt is probably right. There will be a little hemming and hawing around the edges, but that is where you are going. That is what will happen. We all know it.

The tragedy is that somebody is going to get nailed in the process. Some municipality is very vulnerable right now. Some of them have deluded themselves into thinking they are self-insured, which is a nice little phrase until one gets a claim against one, and then one is not going to be well served. Nor are the citizens of Ontario going to be well served because their alternative will be, not to put in an insurance claim against a

municipality but to get a lawyer and to go to court for two or three years.

If you happen to be one of the Eaton family, it is probably an everyday occurrence; you use law firms all the time and you can afford to do that. If you happen to be on a compensation pension, you are going to have a hard time finding a lawyer who is prepared to work for you for two or three years and take your case through. It is not an option for those people.

We talked a little about some of the things municipalities do particularly well as opposed to other levels of government. Municipalities have established that they can, and do, respond well to such problems as housing. When they are given the financial assistance they require to put together housing projects, municipalities all over Ontario have established that they are good at it. They can be sensitive to local needs, are well aware of what the problems are and can do a lot of things.

They are efficient at that, but they are not doing it, and the numbers are startling. Last year, the previous minister announced that 26 municipalities were given the go-ahead to develop more than 1,800 municipal nonprofit rental housing units. Again, that is piffle. It is nothing. It is not a solution. If the province stepped out of housing, and it did for a long period of time, and refused to do anything to assist municipalities to do it, I believe that would be a crying shame.

I heard with some interest the wonderful announcements that have been made about housing, but I know the people I talk to at the municipal level are unsure what role they will play in all that. They are not terribly sure and it has not been explained to them in any detail exactly what they will do. They have been kind of named as participants in the process, but the role they will play is not yet clear for them.

In other areas such as the environment, one of the problems is that nobody is delivering programs on the environment. Not the big issues, the big spills; I do not know I can say that we can handle that provincially, but at least there is some potential there. The simple things, however, could be done by municipalities.

Let me give a couple of examples. Most of our municipalities have environmental problems within their domain that they know about. They might not talk about them a lot, because it is not clearly on their plate, but they have creeks and rivers that are problems, and all kinds of things such as that. However, there are not many programs in place that would allow a municipality to identify an environmental problem and go at

it, whether it is protection of marsh land, cleaning up some polluted area or some other environmental problem.

I believe this ministry has to get its act in gear to deliver those things to the municipalities. I believe municipal governments, just because they are closer to the problems and more open to the process, are better delivery agents than any other level of government.

9 p.m.

There is another problem that now is apparent. We have had some discussion in the House this fall, and there will be more in the spring, as the obvious buildup of excessive waters continues through the spring. I do not think there is a municipality around here with shoreline that does not know right now that it is going to have a flooding problem this spring.

We await the provincial response. We know there are some problems, that the Ministry of Municipal Affairs cannot carry this totally, because there is a lot of shoreline where no organized municipality is present. However, I believe we have a right to know now what the province is prepared to do.

When I was on a council, I was involved with flooding situations, and they are incredibly awkward and unsatisfactory. People arrive at their local council chamber and say: "Are you not going to help us out? What are you going to do? I am flooded out." The local council has to say, "There is a provincial program and you can apply for this, that and the other thing." I believe there is a delivery system in place known as municipal government that can handle that problem if you are prepared to provide the financial resources. I believe you have to get on that case now, because this is going to be an incredibly awkward and difficult issue for local councils to handle. The current programs are not much of a reply to that.

We will talk about one other nonexciting issue—garbage. This is not exactly the greatest political issue in the world, but I believe it is one of the biggest ones.

Mr. Taylor: It is our career.

Mr. Breaugh: It is a hard fact of life that in many parts of Ontario, people believe garbage is not a problem, that one just takes it somewhere people cannot see it and dumps it. That cannot happen any more. In our urban municipalities they do not even have a place to put it any more. The landfill sites in and around Metropolitan Toronto are bulging, and are not being particularly well used either; they are being used improperly.

The municipalities know that. The municipalities adjacent to Metro are not terribly happy about receiving that kind of garbage from Metropolitan Toronto, and quite rightly. However, Toronto has a problem: It does not know what to do with it either. It cannot keep it here and it cannot dump it in the landfill sites. Unless you are prepared to truck it around Ontario for the next 20 years, you have to find a resolution to that problem. I believe it is a problem on such a scale that you had better get at now and I do not believe you are.

Finally, let me talk a little about a problem that I hope your little task force deals with. There is difficulty in getting recognition for municipal politics. It is perhaps most eloquently reflected every election when usually one in every three voters casts a ballot, and in many municipalities fewer than that. Somehow we have to make people aware that municipal governments are a very important part of their lives and that the process deserves some recognition.

In part it stems from the fact that there is no election expenses law governing municipalities. There is no accounting of people. At the local level of government, people can spend any amount of money to get themselves elected and there is no recording of that. A few of the municipalities have passed little bylaws that say you have to file some kind of voluntary statement with the clerk, but the clerk really cannot do anything about it. If they do not, there is no real accounting of the process at all.

There is no real accounting of who donates to political campaigns. That may be in part because we at the provincial level have never put in place a law that says municipal government is at least as important as provincial or federal government and there should be an election expenses act that covers it.

Maybe there is something wrong with the voting process. Many of the municipalities I heard from last November seemed to think there was a problem with the polls. Let me give you the common complaints I get: open at the wrong hours; inconvenient; advanced polls were nil; there were no results before midnight so it could not have been very important.

There is a range of problems, even about where the voting stations are located. People in my municipality, which is basically an urban one, were having to drive two or three miles to go to vote. If that were the case federally or provincially, people would be up in arms saying, "I wanted to vote against Trudeau or for Mulroney or for Ed Broadbent, and I had to go all

this way to find a polling station and it was not a terribly good show." There is a combination of problems at work, some of which you are looking at.

I also want you to look at a slightly larger question and that is the recognition factor of municipal government in total. I do not believe I am talking about a little advertising campaign a couple of days before the election. I do not think that is the problem. There has been a general downgrading of municipal government and it should have gone in the opposite direction. There should be a general upgrading of municipal politics as something very important in people's lives. I hope that in the course of your task force report on the matter you do that.

I want to conclude by going back to my original thesis about financing. One of the problems is that municipalities seem to have the worst of all worlds, uncertain about what their own financial future will be, having to be very precise about their financial commitments over the foreseeable future, but not knowing what is going to come from the province.

I believe there are basic structural faults in the way we finance municipalities, and that has to be addressed. I believe it is almost like federal-provincial relationships. Every once in a while, things heat up, and people pay some attention to them, but in general there is a lull that sets in just after the grants are announced.

I believe you do have to take a look at the greater problem of how we finance municipal governments in this province. There is just no question in my mind that it has gone beyond the saturation point and into the painful point. What you can rightfully expect to gather in terms of taxation off a property tax base has hit its saturation point. You cannot rightfully expect to get any more out of that.

I do not believe the solution is to give back little grants to folks, and all that kind of stuff. When I was critic of the Ministry of Revenue, I used to keep asking just how much money it costs for us to collect property taxes on one hand, and then whirl the computers and all the staff to give back a property tax grant on the other. Oddly enough, in the couple of years that this was pursued, no one was ever willing—I do not say able, I say willing—to answer that question.

I understand the political process reasonably well, and I know that is very good politics to send a cheque back to somebody, which is essentially that person's own money, after you have held on to it for a year. I believe it is wrong and wasteful, and that you have to look at the larger problem.

Even in the short period of time we have, I hope the minister would give me a response to some of the concerns I have.

Mr. Chairman: Minister, I believe you would appreciate a two-minute break.

Hon. Mr. Grandmaitre: Yes, about a 30-second break.

Mr. Chairman: We shall even extend that to two minutes and begin again.

The committee recessed at 9:07 p.m.

9:11 p.m.

Mr. Chairman: We shall reconvene. I assume, Minister, that you would like to respond to the savage criticisms that have been levied against you by your critics.

Hon. Mr. Grandmaitre: Thank you, Mr. Chairman. Before I start answering some of my honourable friends' questions, I would like to introduce the head table. To my far right is Phyllis Miller, the executive assistant to the deputy minister, and also the deputy minister, Glenn Thompson. I do have additional staff just in case. They came in hordes this evening because they knew that my honourable friend, Mr. Brandt, was going to be after me. So watch it.

Mr. Breaugh: They might have to lift him off the floor. That is why they need large numbers.

Hon. Mr. Grandmaitre: Yes. I would like to thank my honourable friends. They have brought up some very important issues my ministry is trying to resolve, correct or improve.

I would like to directly answer my Conservative critic, Mr. Brandt, who talked about capital budgets, the Ontario Municipal Board, the lack of monies available for sewers and roads, and replacement programs. You pointed out that most of the municipalities in Ontario have five-year capital budgets. These budgets are being controlled by the Ontario Municipal Board. Most municipalities of any reasonable size do have sewer and road programs. Sometimes they have 10-year sewer and road programs.

For the first time in a long while, this ministry decided that municipalities needed more attention than in any previous year. This is why Municipal Affairs and Housing are now under separate ministries. This government reassures the municipalities of Ontario that we want to pay due respect to them. This is why my sole responsibility is municipal affairs.

Going back to these capital budgets, if the provincial government is to award grants to municipalities for road and sewer construction, it

must be supervised. I did not understand what you meant by saying that municipalities have to go back to the Ontario Municipal Board for additional funds, or whatever.

Mr. Brandt: Could I explain it? There are two approvals required for every municipality in the province, with the exception of Toronto. Not only do they require approval in the current budget year, which is approved in blanket or global form, but also, as that expenditure arises, they then have to go back for a second approval.

They are given approval, for example, for a \$10 million or \$20 million capital expenditure. Within that \$20 million capital expenditure, there may be 20, 25 or 30 items that may include sewers, roads, the construction of an arena, or whatever is in that capital forecast. They have already received one approval, however, which I assume has to do with nothing more than to make sure that that municipality is not going to exceed its total borrowing limit.

I clearly appreciate the need for the province to monitor a municipality's activities to make sure that a municipality does not get itself into financial complications, such as the city of Windsor did 30 or 40 years ago. The difference is that, once having received the total global approval, Toronto can proceed with its expenditures. The other municipalities have to request another approval. They have to go through another series of approvals for each individual expenditure, which is not required of the city of Toronto.

I am not suggesting that all 850 municipalities in the province be given the right, because they do not have the financial expertise at the local level in very small municipalities. I would suggest, however, that there are medium-sized cities, and perhaps even some very progressive towns, which may well have the capacity to put a responsible budgeting process in place where—once having been given approval for, let us say, a blanket request of \$20 million in that particular year, and once the Ontario Municipal Board has decided that the municipality has the capacity to carry whatever the amount is that has been approved, why is it necessary to go back for a line-by-line approval? That is the point I am getting at.

I am suggesting that you widen the responsibilities to municipalities, and allow them to have the opportunity to make the initial application. Once they have received approval for that application, they can then proceed according to their timetable.

My friend, Mr. Breaugh, is absolutely correct. All too often we come up with some grand scheme at the provincial level. We usually develop a very good and desirable program, shift it on to the municipality, and then tighten the screws financially, or sometimes abandon the program completely—as we have in some of the social services you have mentioned.

In addition, we make the planning process even more rigid and inflexible. I raised only one example, but it is not unusual for six or eight weeks to go by before that second approval comes through from the Ontario Municipal Board. It depends on where you are in the stack as the board goes through the approval mechanisms. At that time, a one- or two-month delay can result in roads in the capital budget being pushed over from 1986 to 1987.

If you are in a period of rapid inflation, that could cost hundreds of thousands of dollars simply because you cannot build the road, the construction season having come to a stop as a result of weather conditions. You cannot go ahead, even though the municipality is ready to move in the latter part of autumn. You could still get the road constructed, but they have to wait until the break in the spring, when some of their bids may well be invalid and some of the prices may well have increased.

I will stop at that point. The bells are ringing.

Mr. Chairman: The rules do say that, on a quorum call, the committee should adjourn and allow members to go in to the House.

We shall stand adjourned until the vote is over.

The committee recessed at 9:18 p.m.

9:27 p.m.

Mr. Chairman: When we adjourned, the minister was about to continue his response to Mr. Brandt.

Hon. Mr. Grandmaitre: I would not want to write a book on the Ontario Municipal Board and municipalities lacking funds, but I would like to tell the honourable member that I now know how Toronto is treated differently from other municipalities. This has been an understanding between the OMB and the Ministry of the Attorney General. I will pursue it with the Attorney General (Mr. Scott).

The OMB comes under the Attorney General and I will be pleased to put forward your concerns to the Attorney General. I hope in the near future I will be providing you with a more complete answer than I can provide this evening. Possibly the Attorney General could write to you

personally. I will certainly take this into consideration.

A lot was said about the lack of transfer payments from the provincial government to municipalities to construct more roads and sewers, but the members will agree with me that in the last 10 or 15 years the former government did an excellent job in providing the required funds to municipalities that wanted to separate surface water and sewers. It was a great program. It is ongoing and I encourage municipalities to continue using financial help from the provincial government.

I agree with you that there is a lot more to be done. I am quite familiar with the report of the Federation of Canadian Municipalities indicating that \$12 billion worth of services should be done in Canada. I was talking to the president of FCM only two weeks ago. They are still negotiating with the federal government and trying to find ways to help provincial governments throughout this country to encourage municipalities to improve their water, sewer and road needs.

This has been an ongoing dialogue since the introduction of the FCM report 13 months ago. I hope the provincial government will be able to find the required funds; in other words, the provincial government needs help so it, in turn, can help municipalities to provide these needed services.

With respect to grants, this government has taken a bold initiative in providing municipalities with a 4.2 per cent unconditional grant or transfer grant for 1986 and four per cent for 1987. You might say this is not adequate. I am not here to tell you whether this is adequate but I think we are on the right track.

The former government provided municipalities with grants in the past that were definitely inadequate, below the inflation rate or the cost of living. At least this government is showing its interest in municipalities and its willingness to provide their governments with the required funds, at least to meet inflation.

Some argue that 4.2 per cent is inadequate, but it is much better than past increases. The Treasury has convinced me that other ministries should do the same; in other words, they should tell municipalities' agencies what their grants will be two years in advance. This is a step in the right direction. A lot of additional dollars are needed, but we are on the right track. The Treasurer understands the needs of municipalities.

With respect to boundaries, the former government introduced the Municipal Boundary

Negotiations Act in 1981, and it is working very well. The Barrie-Vespra situation went on for nine or 10 years, until we were finally able to bring Barrie and Vespra to the table to talk about their problems and we found a solution.

Mind you, provincial compensation was needed, but at least we did something that should have been done 10 years ago. It was a burden on Barrie and Vespra when the provincial government did not really want to help these people, not even to sit down with them or to try to negotiate a reasonable solution.

Mr. Taylor: They did.

Hon. Mr. Grandmaitre: No, we did.

The introduction of the act in 1981 was a step in the right direction, but it was in 1985, four years later, that we found a solution. I remind the honourable member that my intention is not to impose a settlement on Sarnia or the township of Sarnia. I merely made suggestions to the township and to the city after having met with them on two different occasions. The mayor of Sarnia indicated to me that 5,000 acres might suit them.

I am concerned about the needs of both the city and the township of Sarnia. I would not want the township to lose all its commercial or industrial assessment. On the other hand, the city of Sarnia cannot be asked to stop development when private developers want to do it. It is a very difficult situation. Negotiations are difficult, but I think we are making headway.

I am not saying I will be able to find the magic solution, but as long as the city and township of Sarnia are still negotiating, it is my responsibility to be a good listener. Six months from now, I will listen to them again and I will try to find a solution satisfactory to both parties. It is not my intention at present, however, to impose on the township or the city any of my magical solutions.

I could talk for half an hour on municipal insurance, or the lack of it. I do not have to. We all know that this is not only a provincial problem; it is a national problem. We have tried to find a solution. Maybe you do not think too much of the new task force that was introduced, but at least it is a step in the right direction.

Maybe we knew about the problem six months ago, but it is very difficult to prepare ourselves. Maybe the government knew about the two bank failures three or four years ago, but when it happens one must react. I think we are reacting in the right way. I am told by Mr. Fleming that at present no municipality is going without insurance, although it is very expensive.

The government is not willing to transfer more grants or help them financially, so it is the responsibility of the task force and the Minister of Consumer and Commercial Relations to find solutions. I see successful results every day. The minister is very proud of the accomplishments of the task force.

Mr. Breagh: You are going too far now.

Mr. Brandt: We were prepared to let you get away with the first part, but you are treading on very thin ice.

Mr. Breagh: We will take your mild apology, but you are bragging about it too much.

Hon. Mr. Grandmaitre: I am not bragging; I am just dragging.

The Acting Chairman (Mr. Hayes): The bells are ringing again. It appears we will have to have another recess.

Mr. Brandt: Can we send a proxy or whatever?

The Acting Chairman: We will proceed.

Hon. Mr. Grandmaitre: As far as the loans to St. Catharines and Kanata are concerned, I am sure the honourable member will recognize it is the responsibility of the Minister of Municipal Affairs and the provincial government to help municipalities in financial difficulty. This was unforeseen by the provincial government because it was the first bank failure in 67 or 68 years, even though the federal government knew some time ago that the bank failures were due.

I was willing and recommended to my ministry to come to the aid of St. Catharines and Kanata with \$25 million and \$9 million. I am pleased to say they have now received their moneys from the federal government and are paying the provincial government back with no interest. It was decided by my ministry not to charge them interest because the banks could not pay interest. I think it was a good move on our part. We showed some solidarity and support to the municipal governments.

Mr. Brandt: Were there any municipalities that applied for assistance but were not given the same type of help afforded St. Catharines and Kanata?

Hon. Mr. Grandmaitre: You mentioned East York, and I made a note here that East York was turned down. I can say no, they were not turned down, for the simple reason that no demand was made on my ministry. No other municipality was turned down. There was only St. Catharines and Kanata.

9:40 p.m.

Mr. Brandt: Are you saying the only two municipalities that made application for assistance were St. Catharines and Kanata and they were assisted? Were there no other municipalities that made application for assistance?

Hon. Mr. Grandmaitre: I can ask my staff.

Mr. Fleming tells me that East York approached the ministry, but the ministry explained this loan was only made in a case where there is hardship or a cash flow problem. It was not a cash flow problem for East York. Can you add anything, Mr. Fleming?

Mr. Fleming: East York approached us and we explained we were making assistance available to municipalities that had cash flow difficulties. Two or three municipalities in Metropolitan Toronto and another half dozen across the province had investments in the bank, but because those investments were frozen, it did not create cash flow difficulties for them.

It was only those municipalities that had cash flow difficulties that the province assisted. The ruling was that if any municipality could demonstrate a cash flow problem, it would get assistance. The only two that demonstrated that were St. Catharines and Kanata.

Mr. Taylor: I gather the financial assistance was in the form of a loan as opposed to a grant.

Hon. Mr. Grandmaitre: Yes, it was a loan.

Mr. Taylor: You mentioned that with Kanata and St. Catharines those loans were repaid because of federal reimbursement. Is that correct?

Hon. Mr. Grandmaitre: That is right.

Mr. Taylor: The other municipalities did not qualify for the loans because they did not have a cash flow problem. Is that correct?

Hon. Mr. Grandmaitre: Yes.

Mr. Taylor: Assuming a municipality qualified because it had a cash flow problem, what were the terms of the loan?

Hon. Mr. Grandmaitre: In the cases of St. Catharines and Kanata—maybe my staff can help me if I am wrong or my memory does not serve me correctly—the loans were made up until December 31 with no interest. December 31 was the date for the simple reason that the federal government had promised these municipalities they would get their moneys.

Mr. Taylor: What were the terms of the loan? Were they individually negotiated so terms would vary depending on the applicant, or were there criteria to establish the nature of the loan?

Was there any limit to the amount of the loan? What was the repayment period? Was it one, two or three years? You already mentioned there was no interest.

Hon. Mr. Grandmaitre: I will refer this to Mr. Fleming.

Mr. Fleming: We did not know at the time the arrangements were made what the federal government was going to do. So the loans were made on the basis that any interest that was recovered by the municipality from the federal government would be payable to the province. In fact, the federal government did not pay interest, so the loans were, in effect, no-interest loans.

Once December 31 had passed and we entered 1986, the municipalities had the borrowing authority to borrow up to 70 per cent of their uncollected revenues and no longer required a provincial loan. The combination of their having borrowing authority and the federal government making a partial repayment enabled them to repay the province. At this point, neither municipality is indebted to the province for these loans.

Mr. Taylor: No, but—

The Acting Chairman: Excuse me, Mr. Taylor. I think we will let the minister respond and the critics have their opportunity, then we will get into questions back and forth.

Mr. Taylor: It is a question of clarification. The critic raised the question of—

Mr. Breaugh: But the critic was a little inept and you had to help him out, right?

Mr. Taylor: No, it is not that at all. If you raise the problem, do you find—

Mr. Brandt: He was a little inept and had not even involved himself in the discussion of these loans. That is what he was trying to say.

Mr. Taylor: If you are going to cut me off, that is fine, Mr. Chairman. I will wait my turn.

Mr. Chairman: That is fair enough.

Mr. Brandt: Could I ask the minister the degree of accuracy contained in an editorial I would like to read into the record with respect to these loans. On Monday, December 2, the headline of the daily Packet and Times, which is published in Orillia, reads: "\$4.4 million loan," and I know there must be some explanation for this, "was to be a secret."

It goes on to say: "Because it has lost interest on a \$25 million investment it made in the failed Canadian Commercial and Northland banks, the city of St. Catharines has been given a \$4.4

million loan by the Ontario Ministry of Municipal Affairs.

"St. Catharines and other municipalities, including Orillia, will be paid back their losses in the banks by the federal government but the province apparently agreed to cover the interest losses of St. Catharines by offering the loan. If the city is not paid back by December 31; the province will give another \$10 million.

"We are not at all certain that it is in the best interest of Ontario taxpayers to have their money loaned, interest-free, to anyone and it can be argued that St. Catharines, like the others, deserve to take a loss for gambling their money in the banks for the sake of higher interest rates.

"But what is most shocking is that the Ontario Ministry of Municipal Affairs tried to keep the loan secret. They made the St. Catharines mayor swear that he would tell no one about it...not even the city's aldermen."

If I may just add, not quoting from the editorial for a moment, that we do have open government at the local level, as my friend in the third party pointed out with a degree of clarity I support entirely.

Mr. McGuigan: Is that from the National Enquirer?

Mr. Brandt: No, and I will give you a copy of this editorial. It goes on to say in the editorial: "We learned about it only because of a leak to the news media. Consider that now. Not only is the provincial government playing fast and loose with our money, they didn't even want us to know about it. That's the exact kind of attitude the Liberals objected to when the Tories were in charge. And they have had over 40 years to develop that attitude. The Liberals have done it in months."

Why was there a shrouding of this whole issue and such veiled secrecy during the initial stages of this loan? Obviously, the mayor of St. Catharines was given some instructions by you, or by someone in your ministry, because you did not want other municipalities to know, such as my own which had a small amount of money, about \$60,000, invested in the Northland Bank. It did not, I admit, have a cash-flow problem, and I presume did not come to you for assistance. Had it known this largesse would have been available to all municipalities right across this great province of ours, it too might have come forward.

Mr. Breaugh: You have to put a couple of "amens" in there.

Mr. Brandt: It too might have come forward and requested some form of assistance. I know

you are trying to control yourself, knowing how difficult it is for the minister to respond to this point. How do you respond to that editorial, sir?

Mr. South: Power corrupts.

Hon. Mr. Grandmaitre: Let me remind the honourable member that it was a short-lived secret. We are still a new government and we are just finding out about 42-year-old secrets right now. This one is a short-lived secret.

Mr. Taylor: What do you mean, a 42-year-old secret?

Hon. Mr. Grandmaitre: We find skeletons every day.

Mr. Brandt: This is not a Tory skeleton. It did not happen during the Tory regime. It was your decision in your ministry.

9:50 p.m.

Hon. Mr. Grandmaitre: If we may get back to the issue, I can very honestly tell the honourable member that I never told the mayor or the councillors of St. Catharines to keep this a secret. I will admit to you that this loan was made shortly before the municipal elections. Possibly my staff indicated to them it would not be in the best interests of the St. Catharines taxpayers if they were to find out that they were going down the drain because they could not pay their debts. However, they never received instructions from us to keep it a secret. If we did ask him to keep a secret, he broke his promise, because he ran to the press, so he is a blabbermouth.

Mr. Brandt: Surely, if I may, after my news release of December 18—

Hon. Mr. Grandmaitre: It is a good thing that the newspapers are keeping you informed of what is going on.

Mr. South: Only the good parts.

Mr. Brandt: I have to tell you that there are other mechanisms. After my news release—

Mr. Taylor: Even with open government.

Mr. Brandt: Yes—where I said that I urged Mr. Grandmaitre to end his secret deals and instead apply the government's policy on this issue consistently and uniformly to all communities in Ontario. Either it was a secret deal or it was not.

You are saying, for the record, that you did not give any instructions whatever to the mayor of St. Catharines to keep this deal cooped up and not to publicize it in terms of the other communities that may have been affected by this program in Ontario.

May I ask you, then, if you are aware of any of your staff members who perhaps found some

comfort in not allowing this information to leak out, so that others might come forward and get the same kind of very benevolent consideration afforded to the great communities of Kanata and St. Catharines?

Hon. Mr. Grandmaitre: I cannot tell you what my ministry did, but whatever they did, it was in the interests of the taxpayers of St. Catharines. It was not in the interests of trying not to make it known to the rest of the municipalities who were in difficulties.

I do not know of any other municipalities that were in difficulties. I cited the East York situation. They did not have cash flow problems. I cannot answer this. I can assure the honourable member that the instructions did not come from me.

Mr. Taylor: Mr. Chairman, on a point of order: I would like to know just how you are handling the questions. Each of the parties' critics have made statements after the minister's statement. The minister is now responding to the remarks by each of the critics. We certainly have one of the critics asking questions of the minister on his response.

I want to know whether the other members of the committee have an opportunity to ask questions in regard to the same subject matter, or are there specific items you want us to deal with along with the questions we have?

The Acting Chairman (Mr. Hayes): First, the minister is responding to the questions from the critics. I think that, in the best interests of this committee—and it was pointed out right at the very beginning that you are concerned about whether you are going to have enough time to get through.

I do not want to try to overlook any of the issues. However, I think procedure is important. There are slides and things. I guess it is really up to the committee to decide whether they want to see the presentations or to have a very open discussion.

Mr. Brandt: If I may, early in the flow of the discussion, my colleague was asking some very penetrating questions with respect to this particular matter, which I found most interesting. I was listening with great interest as he pursued his line of questioning, and was prepared to participate at some later point.

However, surely the other members should be allowed to participate if they are interested in that particular issue being responded to by the minister. It would seem completely disjointed to come back to that issue at some later point and try

to reopen it. The whole flow of the debate is lost at that point.

The Acting Chairman: I have no problem with that, Mr. Brandt, and if you want to give a speech or ask a question, you have to make that decision as well. If Mr. Taylor has a question on this specific issue now, I will recognize him.

Mr. Taylor: Thank you very much. I was trying to pursue the criteria for these loans. As you know, being loans, presumably borrowings by the municipalities, possibly or perhaps not repayable in future years, there might be Ontario Municipal Board approval required.

I was interested in the criteria: how you would handle that, whether OMB approval was required, whether it was a prerequisite, and how you would then sift out these applications, or whether the sole criterion was a financial ability of the municipality to meet its financial obligations as they came due which is in fact addressing the question of cash flow. That is the type of thing I was interested in finding out.

Hon. Mr. Grandmaitre: I will pass this question on to the real expert on municipal affairs, Mr. Fleming.

Mr. Fleming: The sole criterion was that the municipality could not meet its obligations as they were due. This was what the mayor of St. Catharines was told. It would be unhelpful not only to the St. Catharines taxpayers but also possibly the taxpayers of all municipalities if the market became nervous about municipalities not being able to meet obligations as they were due.

In all cases where it was aware of the municipality not being able to meet its obligations, the government made this advance.

Mr. Taylor: The other part of my question deals with how you then handle the outstanding obligation of the municipality borrowing on its own credit without municipal board approval, or whatever sort of dispensation is required.

Mr. Fleming: The reason the advance was made by the province, as opposed to suggesting to the municipalities that they go to the market, was that both municipalities were over the 70 per cent of uncollected revenues limit. They had, in fact, collected the revenues. Having collected them, they invested them. They did not have the authority to borrow on the market in advance of collecting revenues.

Once December 31 passes and they go into a new year, they then regain that authority to borrow up to 70 per cent of uncollected revenues, in which case the loan was repaid to the province, and the municipalities have gone to the market to

borrow—pending, in this particular case, the repayment by the federal government.

Mr. Taylor: Then they will discharge their loan by their own public borrowing. Thank you very much.

The Acting Chairman: Do the critics have anything at this point? Shall we look at the slide presentation?

Hon. Mr. Grandmaitre: I suggest that we start with the presentation on the Niagara Escarpment Commission. I would like to ask Les Fincham to carry on with this presentation. Mr. Fincham is the director of the plans administration branch for central and southwest Ontario.

Mr. Fincham: Could you give me two minutes for technical difficulties?

Hon. Mr. Grandmaitre: I would also like to mention that Ivor McMullin of the Niagara Escarpment Commission is here. He has quite a way to drive home. Nice to see him.

Mr. Fincham: I have a couple of remarks before we get into the presentation.

Preparing an acceptable plan for the escarpment was not an easy task. Twelve years of consultation and negotiation transpired prior to plan approval in June 1985. The Niagara Escarpment plan, as you have heard in the minister's speech, is now the responsibility of the Ministry of Municipal Affairs.

As director of the plans administration branch for central and southwest Ontario, I am directly responsible for plan maintenance, monitoring and implementation. In this task, I am assisted by a recently-formed Niagara Escarpment implementation team.

10 p.m.

A primary goal of this team is to ensure that development control is transferred from the Niagara Escarpment Commission to affected escarpment municipalities. This will be accomplished by bringing official plans into conformity with the Niagara Escarpment plan and delegating development control directly to municipalities. To achieve this, we will have to meet with 45 municipalities and negotiate amendments to 20 official plans.

To ensure that the integrity of the Niagara Escarpment plan is maintained, the Niagara Escarpment Commission and this ministry will monitor development of decisions in the area of provincial interest for some time to come. Already, members of my team and the staff of the Niagara Escarpment Commission have met with four escarpment-area regions and will meet with

the counties of Dufferin, Simcoe, Grey and Bruce early this year.

As part of our presentation to municipal representatives, we have prepared this slide and tape presentation, which provides an overview of the planning process, the plan policies and the implementation process we intend to follow. We have attempted to make a complex planning exercise understandable to the layman by stating the facts directly and clearly in everyday language. This presentation has so far been well received by a variety of groups concerned with the Niagara Escarpment.

I will turn the slide presentation on now, and it will take about two seconds to warm up.

Mr. Taylor: While it is warming up, Mr. Grandmaitre, this is presumably a matter of provincial policy. The Niagara Escarpment legislation was a manifestation of that policy, now taken over by your ministry.

How would that fit in with the new Planning Act—it is still fairly new—in terms of provincial policy being mandated through the official plans?

Hon. Mr. Grandmaitre: Of the individual groups? If I am not mistaken, in the presentation, we do refer to the local official plans and the Niagara Escarpment plan.

Mr. Fincham: That is correct.

Hon. Mr. Grandmaitre: If this is not satisfactory to the member and he has questions, I can follow this up after the presentation.

Mr. Fincham: The tape is approximately 17 minutes long. It is designed to answer most of your questions.

The Acting Chairman: I will recognize you later if you have any questions.

The committee viewed an audio-visual presentation at 10:13 p.m.

10:20 p.m.

Mr. Fincham: Mr. Chairman, I apologize for the technical difficulties, but as my minister well knows, I am not very good with these things.

Hon. Mr. Grandmaitre: I think it is a Tory projector. It was a slide behind most of the time. It is a rejector, but we will accept it.

Mr. Breaugh: I thought this would be somewhat along the lines of the Urban Transportation Development Corp. At some point in the proposal, you would be selling the whole damn thing.

Hon. Mr. Grandmaitre: I would like to introduce the chairman of the Niagara Escarpment Commission, Mr. McMullin.

Mr. Chairman: Are there any questions from members flowing from the presentation?

Mr. Brandt: It was not in the presentation, but the question I want to raise is the policy of the ministry with respect to privately held lands that have been frozen for development purposes, in some instances for well over a decade.

Is it your intention to allow those lands to be developed? If not, I feel the government has an obligation, in some instances, to purchase those lands on an accelerated basis. I know some purchases are going on, as dollars allow, but I can think of specific cases where there has been undue hardship done to some individuals who are not big developers or schemers and planners with grandiose plans of multimillion-dollar developments.

In one instance, there is a gentleman—and I will not mention his name—who has a rather small parcel of land in the northern end of the escarpment which he had intended to subdivide for cottage purposes 15 or 20 years ago. The lands were ultimately frozen. That gentleman happens to be about 85 years of age.

On a number of occasions, he has come to the various ministries that have had the responsibility for the escarpment plan indicating he wants a reasonable resolution of his problem. He wants to have the lands unfrozen and developed for cottage purposes or, alternatively, have the land taken off his hands at a reasonable price so he can get his investment back again.

Mr. D. R. Cooke: Why did you not do it?

Mr. Brandt: You are the government, sir. I am asking you why you are not doing it.

Mr. D. R. Cooke: You said over the last number of years.

Mr. Brandt: If I were sitting in that chair, I would answer that question. I am not. It is this minister's responsibility to answer the question.

Mr. D. R. Cooke: You said over the last number of years.

Mr. Brandt: There is a pothole in a road, too, that is maybe 20 years of age. That does not remove the responsibility for who is eligible.

Mr. Chairman: I think the minister is going to try to answer.

Mr. Brandt: It was his colleague who was interrupting me.

Hon. Mr. Grandmaitre: I do not think it is the intention of the commission to freeze land forever and prohibit development. It has a plan to respect and, as far as I am concerned, it is doing a good job. In the years prior to my coming to the

ministry, there could have been some hardship. Maybe the chairman of the Niagara Escarpment Commission is more familiar with the problem you related to. Mr. McMullin, are you aware of any lands being frozen for ever?

Mr. McMullin: For ever is a long time.

Hon. Mr. Grandmaitre: Some of these lands have been frozen for a long time.

Mr. McMullin: All I can say is that the commission has endeavoured to help people to expedite their problems.

I think I might know the example Mr. Brandt speaks of. If it is the same one, some three or four years ago we wrote to the gentleman and asked him to put his land on the open market and sell it. The local municipalities said no, they did not want any development there—cottage or otherwise. If I am guessing the right one, his land is in two municipalities and they both told the commission not to allow development in that location. He could sell his land on the open market in about four or five parcels, if he could split it up to that extent.

Is it on Georgian Bay? Is that the one?

Mr. Brandt: Yes.

Mr. McMullin: That gentleman bought that land for development right at the beginning of the commission. I think he sank his life savings into it.

Mr. Brandt: That is right. It was a retirement plan.

Mr. McMullin: I feel sorry for him, but how do you convince a township and a county that are also saying no to the development? He put a plan on it, and they turned it down before it ever got to the commission.

Mr. Brandt: Am I not correct when I suggest that the land is certainly in an area which is proposed for park development?

Mr. McMullin: The Ministry of Natural Resources in a recent program of reducing the land it thought it needed in that area took out that land. They took a great deal of land out of the original plan. They were going to buy half of the Bruce Peninsula, or more, but they reduced that back to about one third. That land was part of that portion which was taken out two or three years ago.

We wrote to the ministry and asked them to consider leaving it in for purchase, but they refused.

Mr. Brandt: Three years ago.

Mr. McKessock: Am I correct in thinking that when the final plans came out, exactly what Mr.

Brandt was recommending was in the plan? If the government would not allow a development permit on an established lot, it would have to purchase that property. Was that one of the 26 amendments made to that plan prior to its adoption by the government in June of this year?

Mr. McMullin: Yes, that was taken out, and the township of Lindsay has brought it to the attention of the government. I do not think they completely understood it. What the plan says now is that all lots of record will be recognized for development, that is, every lot which is a separate lot now, except those lots which are hazardous and unfit to build on. There are a few of those, not very many.

You can look through the commission's records. Every lot of record for which a development permit is applied we grant, subject to the approval of the municipality. Some of the lots up there have no roads, and the municipality refuses to have a building put on them. We run into quite a bit of that in Bruce county; there are some in Grey county and some in Caledon township.

There are a few roads that are not open, and yet there were severances granted on those roads some 10 or 15 years ago—10-acre lots and that type of thing, some of them by a plan of checkerboard that was registered. They are a little difficult to deal with.

Mr. McKessock: It is a different matter if there is no access to them.

Mr. McMullin: The government's thinking may have been that buying every lot we do not want to build on might set a precedent right across the province. In talking to senior staff people in government at that time, we found they were very cautious about making a statement such as that.

Mr. Taylor: Is that the old government or the new government?

Mr. McMullin: This was three or four years ago.

Mr. Taylor: It is ironic, but the chicken is coming home to roost. Some of these irate landowners who have settled in my riding were once Tories and are now voting Liberal.

Mr. Breagh: I have a couple of quick things here. You will be aware that there are some people who say that this is not exactly the ideal plan. Is any consideration being given to review mechanisms?

Hon. Mr. Grandmaitre: Review mechanisms? I would not think so. After years and

years of planning, I do not think so. Les, can you answer us?

Mr. Fincham: Do you mean legislative mechanisms for implementing the plan?

10:30 p.m.

Mr. Breagh: In any sense, is there a provision to review the Niagara Escarpment plan?

Mr. Fincham: Yes, there is. There is a mandatory five-year review. The plan is quite new. It was approved only last June, and I think we need some time to work with the plan to see what its strengths and inadequacies are before we think of reviewing the plan in its totality. Of course, during that time, amendments will be processed through the commission. There are several before the commission right now.

Mr. Breagh: What about a land acquisition program?

Mr. Fincham: Well, there is a 10-year program, funded to the tune of \$25 million, being administered jointly by the Ministry of Natural Resources and the Ministry of Citizenship and Culture through the Ontario Heritage Foundation. Along with some donations to that program, this should go a long way towards strengthening the land acquisition program we have in place.

Mr. Breagh: I noticed in your slide show that there seemed to be some flexibility in the approvals process. Do you have any concerns

that this might not be the most desirable way to go, that you would have one process at work in one area and a different process somewhere else?

Mr. Fincham: Are you referring to land use control specifically?

Mr. Breagh: Yes.

Mr. Fincham: We are not quite sure on that score yet, because we have not got to the stage where we are actually implementing the plan.

The first step in our implementation process is to have the plan reflected in local and upper-tier plans. When we get to the stage where we are looking at local controls—whether it be zoning and site plan control together or development control—we will have to think hard about what mechanism is the most appropriate.

Right now we are thinking that a mix may be appropriate, but until we have examined it in some detail, we are not quite sure. We probably will not cross that bridge for another year or so, and we do not have to cross that bridge until then. My staff are currently putting a discussion paper together so we can examine it a little more closely.

Mr. Chairman: Thank you, Mr. Fincham. We really must adjourn on vote 2601. We will reconvene next Tuesday evening at eight o'clock.

The committee adjourned at 10:32 p.m.

CONTENTS

Thursday, January 23, 1986

Opening statements: Mr. Grandmaître	R-813
Mr. Brandt	R-816
Mr. Breagh	R-820
Adjournment	R-832

SPEAKERS IN THIS ISSUE

Brandt, A. S. (Sarnia PC)
 Breagh, M. J. (Oshawa NDP)
 Cooke, D. R. (Kitchener L)
 Grandmaître, Hon. B. C., Minister of Municipal Affairs (Ottawa East L)
 Hayes, P., Acting Chairman (Essex North NDP)
 Laughren, F., Chairman (Nickel Belt NDP)
 McGuigan, J. F. (Kent-Elgin L)
 McKessock, R. (Grey L)
 Miller, G. I. (Haldimand-Norfolk L)
 South, L. (Frontenac-Addington L)
 Taylor, J. A. (Prince Edward-Lennox PC)

From the Ministry of Municipal Affairs:

Fincham, L. J., Director, Plans Administration Branch, Central and Southwest
 Fleming, E. M., Assistant Deputy Minister, Municipal Affairs
 McMullin, J. I., Chairman, Niagara Escarpment Commission

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development

Estimates, Ministry of Municipal Affairs

First Session, 33rd Parliament

Tuesday, January 28, 1986

Speaker: Honourable H. A. Edighoffer

Clerk of the House: R. G. Lewis, QC



CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, January 28, 1986

The committee met at 8:02 p.m. in room 228.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS (continued)

Mr. Chairman: The committee will come to order. When we adjourned on Thursday night, we had not completed any given vote. However, I think it would be best if we proceed and at the end of tonight's proceedings we deal with all the votes to complete the estimates.

I am assuming, Mr. Brandt and Mr. Breaugh, that there is an agreement to finish off the estimates this evening. We have two hours and 45 minutes left. However, if we could finish it off tonight, we would then proceed with Housing tomorrow morning.

We are basically dealing with Municipal Affairs, because the two ministries were combined before. Included are votes 2602, 2605 and 2001, which is the Niagara Escarpment vote. We will proceed under those assumptions.

On vote 2001, resources development policy program; item 3, Niagara Escarpment Commission:

Hon. Mr. Grandmaitre: The chairman of the Niagara Escarpment Commission, Mr. McMullin, is present. We concluded the affairs of our initial meeting on the Niagara Escarpment and we are ready and willing to continue on the Niagara Escarpment issue if there are any specific questions for the chairman or me. If not, we can then go on and provide you with a 10-minute or 12-minute presentation entitled Why Plan? We also have another 20-minute presentation, depending on the time, demonstrating our financial evaluation of the municipal analysis and retrieval system—that is, MARS.

Mr. Chairman: I assume the presentation has nothing to do with the Niagara Escarpment.

Hon. Mr. Grandmaitre: No, it does not.

Mr. Chairman: Let us deal with that first. Are there any further questions or comments about the Niagara Escarpment?

Mr. Taylor: I have a question about the phasing in of the master plan, if I may put it that way, of the Niagara Escarpment and the inclusion of that policy in the official plan process.

Is it now manifested in terms of a ministerial statement under the Planning Act, so the policy is enunciated in that way, or is this the process leading up to ministerial statements which will then be incorporated in the official plans?

Hon. Mr. Grandmaitre: There are 37 municipalities involved in the Niagara Escarpment plan. The process of approaching the individual municipalities to conform with the Niagara Escarpment plan has started, but so far it has not been completed. Perhaps I should ask the chairman where he is as far as approaching municipalities or involving them in the Niagara Escarpment plan is concerned?

Mr. McMullin: There are four counties and four regions. Mr. Farrow and I have had four meetings with them and I thought they were very receptive. From talking to some municipalities since then, they seem to be quite willing to get on with amending their official plans to adopt the Niagara Escarpment plan. I have not heard any one of them say they were opposed to it.

It is a matter of proceeding. However, we are waiting for the ministry to give us the final printed document. We can then take it out and say: "This is the plan. Will you amend your plan to conform with this one?"

I see no problem with that. I do not hear any complaints from the municipalities. They seem quite willing to get on with that. You might get some different comments from them when we get to the implementation. However, amending the plans would be quite acceptable.

Mr. Taylor: We have spent so many years putting the Planning Act in place and we have concepts of government policy, combined ministerial statements and manifesting the policy. Maybe Mr. Thompson could assist us on that as well. I was trying to determine where we are in the process.

Mr. Thompson: As Mr. McMullin says, we are about to print the plan and release it. Coincident with that, there is an implementation process which has been set out so people will then understand it more clearly. There is the plan itself, which is substantially the same as it has been for some time, and an implementation process—the process Mr. McMullin described—to proceed and have the various municipalities take

up the plan and incorporate it into their own official plans. We will then eventually move over to a policy statement, from the plan as it stands to something which over time may be seen as a more efficient and perhaps flexible device.

Mr. Taylor: We have spent some time with the planning process. As you know, this government and previous governments over a period of seven to 10 years finally settled upon a new Planning Act about a year or two ago.

I was wondering how this was working out in the field, as opposed to the academic exercise of legislation. This strikes me as possibly a first. There will no doubt be others, such as an aggregate policy and other areas of provincial policy, which will find themselves manifested in municipal official plans because of a certain process. In other words, I am interested in the public process that had been developed in order to achieve the point of the ministerial statement, which would then dictate an inclusion in the official plans. That amendment, of course, is the question there.

8:10 p.m.

Hon. Mr. Grandmaitre: They are in the process of evaluating how ready individual municipalities are. However, it is the ministry's responsibility right now to get the plan printed and accepted. Selling the plan to individual municipalities is the responsibility of the Niagara Escarpment Commission. I am told the commission is on top of the world in selling the plan to individual municipalities.

Mr. Taylor: I appreciate the super-salesman status of the chairman of that commission who has served the province so well over such a long period of time. That is my contribution to you, sir.

Mr. Breagh: I get the feeling there is another contribution coming up.

Mr. Taylor: I was interested in the element of participatory democracy in the public process. More so than selling a plan, it was a matter of public involvement in the process before arriving at a fixed position. That was what I was trying to elicit, if I may, from you or from your staff.

Mr. McMullin: We had two and a half years of public hearings. The report from the hearing officers was delivered to the government and then went to cabinet. All the municipalities were next invited to make a final comment on the plan and they did. I believe the government made 26 minor changes and then adopted it. That was on June 12, 1985.

So the plan has been adopted. It is now a matter of getting it printed with the 26 minor changes. As far as the Niagara Escarpment plan is concerned, it is in the hands of the minister. It is a little difficult at this point to go out and ask the reeve and council of a municipality to amend the plan when they ask to see it.

They all know what is in it. They have all seen it and they have all made their comments. There may be one or two or three that would still like to see minor changes, and I can think of two, but the government chose, I think wisely, not to make those changes.

It is a matter of getting the plan out to the municipalities and saying we would like them to amend it. The message Mr. Farrow gave them was to ask the minister to process or go ahead with the amendment. It is up to them to write to the minister, and I think they will very quickly, as soon as they have a plan in their hands.

They all know what is in it, they have all read it and they have all had comments. They were all at the hearings. Towards the end, I was very pleased to sit and listen when they said they agreed with the plan with one or two minor changes. The minor changes were very simple in many cases.

A brief from, at that time, 44 municipalities, four counties and four regions all said that. I did not think it would ever be accomplished, but it was. We are very pleased about that, and it is a now just a matter of dotting a few "i's" and crossing a few "t's." The minister might want to make an announcement about it.

Hon. Mr. Grandmaitre: As soon as I receive the green light on the plan from the ministry and the commission, I can assure you the ministry is ready to move ahead. As long as public participation is satisfied, I think we will be ready to move ahead with it.

Mr. McMullin: I think there are already seven or maybe more applications to amend the plan.

Hon. Mr. Grandmaitre: Already? The more the merrier, I guess.

Mr. Taylor: I do not want to take any more time. I appreciate the indulgence of the committee. You do tempt me when you suggest amendments when you are really giving me government policy, and I question the outcome of those exercises. Anyway, thank you.

Mr. Brandt: I have a couple of questions. I will make them brief in the interests of time. There has been a net reduction in the budget, as I read it, of some \$206,000. If that is correct, I wonder if you would identify the areas of the

budget that have been cut and whether you, without looking at the minister, concur with the cuts. Secondly, I want you to look directly at me.

Hon. Mr. Grandmaitre: The reflection in your eyes.

Mr. Brandt: Remember, I am watching you.

Mr. McMullin: I think I am the wrong one to answer that. I have Susan Herrold with me tonight.

Hon. Mr. Grandmaitre: You cannot look at him.

Mr. McMullin: She is shaking her head, no. She looks after the money with our director, Mr. Shaw, who is in hospital tonight. They look after the money and the cuts. They do discuss them with me and they have discussed them. They think we can get along.

Since we have finished the plan, we have reduced the planning staff by quite a number. However, while we operate development control, we need a number of staff members to do that. We need those people on board as long as we have development control. I believe we reduced the plan itself gradually by about six people after we finished the plan. The budget cut may be difficult and we may be back down to see you. However, we will try to live with it. Each year for the last three years we have cut back a little bit.

Mr. Brandt: The level of funding you are going to receive for this current year is approximately the amount you got two years ago, without taking inflation into account.

I understand the activities of the Niagara Escarpment Commission have changed rather dramatically. Once you finish the planning process, you have a whole new set of responsibilities and challenges ahead of you which have to be addressed.

I ask the question in the context of the cut. I recognize that you are going into another stage now with the continuation of planning and enforcement and the question I raised with respect to land acquisition, which I think is an important one, and I know it does not come out of this budget.

All of those things would lead me to believe the level of activity should be very carefully and sensitively maintained rather than cut back. You did not quite indicate to me you can live with a \$206,000 cut in your budget. I am glad you and the minister did not make eye contact. The minister looked at me during the entire address, and you were looking at me, so I know there were no communications between you. As I under-

stand it, you said in response to my question that you may have to come back.

Mr. McMullin: That is possible. I was looking over at the gal who does our books all the time. I think she was shaking her head.

Mr. Brandt: Which way was she shaking it?

Mr. McMullin: I would like to point out to you that the acquisition program is entirely separate from the commission. I was appointed to the heritage foundation as a member of the commission to give liaison to the group. The \$2.5 million promised by the government for acquisition is in a budget completely separate from ours. Very little work involved with the acquisition program is done by the commission staff. It does look at an application and it does make recommendations. However, it does not involve a great deal of time with the commission staff.

Mr. Brandt: Could I move very briefly to another subject? I will then have finished my questions.

It is with regard to probably one of the most controversial and complicated issues that came before the whole planning process. That was the question concerning pits and quarries in the Niagara Escarpment. There was a lot of debate and discussion about the extent to which that type of mining, resource development or excavation would be allowed in the escarpment.

First, has there been any change in your policy since you have become the minister with respect to pits and quarries? Second, are there any continuing pressure points with respect to that whole area of involvement where you are still getting intense pressure to open up new areas for development purposes?

Mr. Taylor: Are you minding your P's and Q's?

8:20 p.m.

Hon. Mr. Grandmaitre: On P's and Q's, there has been no change in our policy. The answer to your second question is yes. We are being pressured to open up this policy and make it more accessible. For the present time, we have not changed our policy.

Mr. Brandt: That is all.

Mr. McKessock: I was glad to see there was a cut in the budget this year. I have been advocating a cut for years. The main part of the work has been done. It is nice to see the budget going the other way.

Do you know when the plan will be printed? Is there a time schedule for when that is going to take place?

Hon. Mr. Grandmaitre: It is in the process of being printed now. Within the next three to five weeks, we should have the plan.

Mr. McKessock: My other question pertains to the aggregate. You mentioned the policy has not changed, but amendments to the plan do fall within the Niagara Escarpment Planning and Development Act. If an amendment could be made to allow aggregate, that would be a possibility in an area where there is need.

One of these seven applications for amendments, I noticed, is for the Sutherland pit in Sarawak at the north end of Grey county. The county has stated it very much needs this aggregate resource. It is my understanding this Sutherland application was the first amendment on record to amend the plan. I have not noticed any notices in the paper pertaining to it, and yet I have noticed other amendments proceeding. Why is the Sutherland application not proceeding if it was the first?

Mr. McMullin: The application from Sutherland was in the paper, Mr. McKessock.

Mr. McKessock: Was it?

Mr. McMullin: Yes. You asked me that question before, and I could not answer it, but it was in the paper before the one you mentioned to me. It has been advertised and some of the comments are starting to come in. It is well on its way, but it is a long process. We have drawn that to the attention of the minister. The amendment process is the same process as the plan, which takes about a year. I think the staff and ministry are working on ways to possibly shorten the time period for those amendments, but it cannot be done soon enough to help Mr. Sutherland. It is being worked on.

Mr. McKessock: Can you tell me the date that was in the newspapers?

Ms. Herrold: December 11.

Mr. Chairman: Sorry, Hansard cannot pick up your comments. Can you come up here and respond, please?

Hon. Mr. Grandmaitre: Can you introduce yourself, please?

Ms. Herrold: I am Susan Herrold, manager of administration, Niagara Escarpment Commission.

Mr. Sutherland's advertisement appeared in the December 11 issue of one of the papers. A reminder will be appearing in the February 12 issue of the same paper.

Mr. McKessock: Would this be the local paper?

Ms. Herrold: Yes, it would.

Mr. McKessock: The Owen Sound Sun Times.

Ms. Herrold: Probably, yes.

Mr. McKessock: Thank you. I am glad to hear it is proceeding. I must have missed it in the paper.

Mr. Chairman: Are there any other questions of the Niagara Escarpment Commission? Thank you, Mr. McMullin.

Is vote 2001, item 3 carried? That is the part of vote 2001 dealing with the Niagara Escarpment.

Item 3 agreed to.

Mr. Chairman: Let us proceed. Would the minister like to introduce the show?

Hon. Mr. Grandmaitre: Yes. We have a 10-minute presentation. Ken Bauman is the director of our community planning advisory branch.

Mr. Bauman: As part of the continuing commitment to education, the staff of the community planning branch and the municipal affairs branch are currently participating in new-councillor seminars across the province. As the minister mentioned Thursday evening, these seminars are being held in 30 centres during January and February. We are expecting to attract 1,400 municipal politicians.

The seminars are held each Friday and run into noon on Saturday. This Friday we will be holding seminars in Sault Ste. Marie, Bracebridge, Bancroft, Owen Sound and Hawkesbury, where the whole process will be held in French. The primary objective of the seminars is to provide new councillors with an overview of municipal government and help them learn how to use the resources of other ministries such as the ministries of agriculture and food and citizenship and culture.

In terms of the community planning branch's contribution to those seminars, staff members are focusing on the role of council in municipal planning through the use of this slide show and discussion groups, which allows the councillors to talk informally about the land use planning process.

This is only the first step. We will continue to meet with councillors over the next three years to help them meet the challenges of local government.

Mr. Chairman: Are these meetings primarily for new councillors? Is that what they are being billed as across the province?

Mr. Bauman: They are being billed as the new-councillor seminars. The majority of people

coming are new councillors, but there are experienced councillors also attending.

Mr. Chairman: Right. Is it a fact that civil servants of the various ministries are invited all across the province, except in the north?

I have had phone calls complaining and asking why it is that in northern Ontario, people from the various ministries, such as Citizenship and Culture, are not being invited to the dinner, or at least to the seminar, when others are being invited to participate in other parts of the province.

Mr. Bauman: First, on the Friday morning, each of the seminars is devoted to municipal affairs. In the afternoon, it is devoted to community planning. There is a dinner Friday evening. On Saturday morning, there are a number of ministries which wanted time on the agenda. It was difficult to allow everyone. But as I mentioned, in the southwest there is Agriculture and Food—

For instance, representatives of the Ontario buildings branch of the Ministry of Housing are attending the northern seminars.

Mr. Chairman: All I am asking is there not be any distinction between people who are invited in the rest of the province versus northern Ontario. You insist on your assurance of that?

Mr. Bauman: Yes. For instance, Agriculture and Food is concentrating on the southwest because the ministry wanted to talk about the Drainage Act. I know the Ministry of Northern Development and Mines is involved in the north.

There is a logistical problem in the hotels because of the attraction. Civil servants are being asked to keep their attendance to a minimum to allow maximum attendance for the councillors. That could have been an issue for the dinner.

Mr. Chairman: Okay. Thank you.

Mr. Pierce: Are the local riding members allowed to go to those councillor seminars?

Mr. Chairman: Yes, they are invited to the dinner.

Hon. Mr. Grandmaitre: They have to pay, though.

Interjections.

The committee viewed a film at 8:30 p.m.

8:39 p.m.

Mr. Chairman: We will move to vote 2602, community planning program, which includes program administration, plans administration, local planning policy, community renewal, community planning advisory services, and research and special projects. So you will be

aware, that will leave for the rest of the evening, vote 2605, municipal affairs program, which includes grants.

On vote 2602, community planning program:

Mr. Taylor: I want to say to the minister that I do not want to be parochial, but a municipality in my constituency, South Fredericksburgh in the county of Lennox and Addington, had a problem. Council members met with Mr. Grandmaitre and the Minister of Agriculture and Food (Mr. Riddell). I want it on the record that Mr. Grandmaitre was the voice of reason.

The meeting dealt with a new official plan for the municipality that made provisions for some flexibility in terms of rural development. In particular, it acknowledged the wisdom, experience and personal knowledge of the members of council and planning committees who know the area so well. Council members thought the planning process was a local process, that it was important to engage the support of the local people and that it should exude the thinking of the people and accommodate the needs of the community.

My concern is the lack of flexibility in the relationship between this minister and ministry and other ministries, such as Agriculture and Food. On the one hand we have resolutions brought into the House prompting the government to assist rural communities, which are less likely than Metropolitan Toronto and larger regions to engage in some type of commercial, industrial and economic activity that will vitalize them. At the same time a policy from above mandates a stagnant, sterile type of community, apart from the agricultural community, in that it will not accommodate development other than rural. By "rural" I mean farming. I invite the minister to comment on this.

This is not a criticism of this minister. He is held in high esteem, and certainly the delegation that called upon him was most impressed with his views and his accommodating nature.

In South Fredericksburgh, where you already have a policy manifested in an official plan and where there is pressure to bury that policy in a new official plan designed to update and upgrade the existing one, is there room for the view of the rural mentality, the local councils, in that process?

Hon. Mr. Grandmaitre: I am quite familiar with the intention and official plan of South Fredericksburgh. We are very concerned. This ministry wants to respect the Food Land Guidelines as well as the commercial and industrial development of a community.

The Minister of Agriculture and Food is adamant that agricultural lands be protected. At the present time the two ministries are trying to find the common denominator that will be acceptable to both ministries. It is not an easy task to try to respect all sides. Since I was appointed minister, we have been fortunate in having opportunities to meet with agricultural communities and we have been successful in negotiating with them.

Our approach to the protection of these lands, the agricultural and development lands, is to continue this process of communication. We hope to be able to resolve more problems, such as the one you just mentioned. I call them problems because these communities would like to retain this agricultural aspect. I believe in the preservation of these lands. Although I am pro development, I respect farm-land communities.

We will continue close communications with the Ministry of Agriculture and Food. We hope to be successful in the months or years to come. It is very difficult to satisfy both sides. The economic needs of these communities and municipalities must be looked at.

Mr. Taylor: As you know, since the Planning Act was passed in 1946, it is important to engage support of the local people in a community. Without the conviction of the local people, planning will never be a success. It must embrace that.

When harsh and unrealistic rules from above are arbitrarily imposed upon local land owners, municipal councils, planning boards and now planning committees that dictate how people should live and how their communities should be laid out, that is hardly eliciting support of the local community.

Surely some balance is required. I place on the minister the primary responsibility to effect a proper balance so the community has a firm belief and conviction in the planning process.

We cannot live in isolation. We have good and poor farm land. Regardless of which it is, if the policies had been imposed here that were imposed on South Fredericksburgh, Metropolitan Toronto would not exist today, because some of the best farm land is right here in this large urban centre.

It is important to recognize the needs of those local communities and not be so blindfolded or blinkered in your outlook that you handcuff the local people and adversely affect their lifestyles by denying them support services they need to create a vibrant community. These may be farm-supported industries: farm implements or

farm repair industries that service the farming community. I am convinced that this type of balance is needed.

Probably not more than three houses are built a year in this particular community, yet all your resources are dedicated to dictating a severance policy. This is not realistic. I suggest we have more confidence in the mentality and views of the local councils. The minister saw the résumés of the council members, their backgrounds in farming and planning. There are some very competent people. Yet the ministry says: "We do not care what you say. This is what we are going to do, because this is good farm land and you are not going to do anything with it but farm it."

I ask the minister to exercise ministerial discretion and good judgement in permitting some flexibility for the local people who have to live and produce there. We can produce whatever the ministry wants in the farming community. You tell us. A farmer cannot be found who cannot produce more. Let the ministry bring on the price and we will show you what we can do, but we must have some of the flexibility and economic benefits as well.

Mr. McKessock: You have been waiting a lot of years to make that speech.

8:50 p.m.

Mr. Taylor: I am not even warmed up. This is no criticism of this minister—

Mr. Breagh: It is of the previous minister. We know who it is.

Mr. Taylor: No. You have to watch your back, sir.

It was the strident posture of the Minister of Agriculture and Food, who is a very good friend of mine. I hold him in great esteem.

Mr. Brandt: Until now.

Mr. Taylor: I hope the minister will exercise his good judgement and assist in the mellowing process of the Ministry of Agriculture and Food with regard to small communities such as South Fredericksburgh.

Hon. Mr. Grandmaitre: Since the amendment to the Planning Act, the new Planning Act of 1983 gives everybody the opportunity to respond to official plans, amendments and so on. I have always been known as a reasonable man, even before I came to Queen's Park, and I intend to be responsive to the needs of every community.

Mr. Breagh: The Planning Act and the process itself have been set up in such a way that it is not easy, but it is not very difficult, to say no to developmental plans in small towns in rural

Ontario. The difficulty is that they are not in much of a position to do anything of a positive nature.

In other words, if a small factory comes to town, the process is set up to say, "No, you cannot have a rezoning, because that is good agricultural land." But there is not much of a process set up to say, "We can help a small municipality plan an industrial park," for example. There is not much in the way of incentives provided for them to do that. The town must either take a plant on good agricultural land or not get the plant at all. Then you do not get the jobs or the revenue, and all your young people will have to continue to go to the cities because there is no local employment.

Has any thought been given to any positive programs to help smaller communities resolve this very vexing and ongoing problem of trying to attract some kind of industrial base within their confines and yet not really have very many good ways to do it?

Mr. Mancini: I would like to answer that.

Mr. Brandt: We know you would, but you are not there yet. It will not be until next week that you are in the cabinet. When you are there, you can do this kind of thing.

Mr. Mancini: Mr. Breaugh is my best friend and chairman of the procedural affairs committee. I would like to answer that one.

Mr. Chairman: Why do we not let the minister try?

Mr. Breaugh: When he fails, it will be your turn.

Mr. Mancini: I just want to do it for my best friend, that is all.

Mr. Taylor: If I were you, I would be pleading the fifth amendment.

Hon. Mr. Grandmaitre: Every community is given the opportunity to plan well. Not only this government but also the previous government provided the right tools to help communities and municipalities to plan well. Their expertise is always available. Most official plans should reflect the economic development of that community and its future intentions regarding commercial, industrial, agricultural and residential land uses. Every community is given that opportunity. If it is not, official plans are not carved in stone; they can be amended. They have the tools to plan well.

Mr. Breaugh: From a theoretical point of view I would not argue with that. But the reality is that small-town Ontario cannot develop industrial parks because it does not have the

financial base to do so; a larger urban centre can and does. When industry looks for a place to locate, it goes to places that already have the planning and zoning processes done and, in many cases, the hard services in place. What can we do for smaller communities to allow them to compete?

Hon. Mr. Grandmaitre: Can I pass this on to the real expert, Milt Farrow?

Mr. Breaugh: The minister must be in trouble.

Mr. Farrow: This is one of the programs we have that is under our community planning advisory branch. We have a program of funding primarily the smaller municipalities to keep their official plans up to date. We are also involved in an economic development strategy with smaller towns to help them review their official plans and to say: "These are the kinds of questions you are going to be asked when an industry wants to come into town. We do not think you have your plan in a position to enable you to react quickly."

Sometimes the planning process takes too long. When an industry takes a look at the official planning zoning bylaw and at what the municipality is thinking about, it might say, "If we have to go through the planning process to get all these things done, we will go somewhere else." For that very reason the staff of Ken Bauman, who just spoke, are meeting with municipalities to help bring primarily smaller towns and some counties up to speed on what they need. We are helping them to prepare to be able to answer questions asked by industrial developers who want to locate plants in the area. So we are reacting to this proposal.

Mr. Breaugh: One vexing problem is that most small towns have an older plant that is closed and are trying to attract new industry. New industry is not particularly interested in trying to renovate an old industrial facility, so the old plant will remain vacant and they will develop a new plant facility on a new site, which often turns out to be reasonably good farm land. Is there anything we can do or are working on to try to get around that?

Hon. Mr. Grandmaitre: Maybe Mr. Farrow—

Mr. Farrow: Yes, Minister. The—

Mr. Breaugh: That is a bad start, Mr. Farrow. You never start by saying, "Yes, Minister." Those words are in disrepute these days.

Mr. Farrow: Not with my minister they are not.

Hon. Mr. Grandmaitre: Can we adjourn on this?

Mr. Chairman: There is a certain similarity there, too, do you not think?

Mr. Farrow: We have been asked by various municipalities to come up with an industrial revitalization program. We have reviewed this and have put a package together. It is not in effect, but we are hoping to be able to get it finalized. It is for just what you are saying. There are all sorts of old industrial communities in our small towns and big cities that may not have enough parking, the roads to get to them are not adequate or services are inadequate for what could go on. An important part of the economic strategy of many municipalities is to be able to use these. We have a program, which we hope the minister will announce in the near future, that will take this into consideration.

Mr. Breagh: Late spring, early spring, in the fullness of time.

Hon. Mr. Grandmaitre: I signed it this afternoon.

Mr. Ramsay: I want to comment on the perpetual conflict in rural Ontario between agricultural interests and the interests of development. One way we could take pressure off your ministry is if your ministry worked in conjunction with the Ministry of Agriculture and Food to make sure your government comes up with legislation that would give farmers the right to farm. If they had a stronger right, the encroachment of development would not be as threatening to farmers as it is today. They really are vulnerable and unprotected.

If farmers had an absolute right to farm, to carry on all their farm procedures the way they have traditionally done, without threat of injunction and all the other nuisances that can be thrown in their way from urban and residential development, all those nasty things that seem to happen in the countryside—people have a beautiful idea about the country and want to get out there; we know the problems that occur after that—I think there would be more balance to the situation. Your ministry might be able to allow certain types of development, because the rights of the original people, the inhabitants of that rural land, were entrenched. That is not there now. That is a problem. I see that as maybe part of a solution to this.

9 p.m.

Hon. Mr. Grandmaitre: In response to a previous question I did mention that the communications that have been going on with the minister and Ministry of Agriculture and Food are a weekly happening. Let me assure you that

the present Minister of Agriculture and Food is very adamant on this. In other words, do not step in his backyard if you are not invited, because he is very protective of his responsibilities and of agricultural land. So let me assure you that this is respected every day.

Mr. Ramsay: I am saying that instead of always looking at it day by day on a need basis, like putting out forest fires, we should be planning so we can resolve this conflict in the long term by entrenching farmers rights. You are always being rebuffed on the development side to protect the rights of farmers because there is no real mechanism to entrench that protection. We need policy in place to give those rights to farmers so you could alleviate a lot of the problems.

Mr. Taylor: On a point of clarification, as I sense your view, the urban-oriented person who moves in does not always appreciate the farm smells, for example. Technically there could be an action for nuisance or an injunction, as you mentioned. Even though that urban person came later, he could adversely affect the farm operation.

What is being said here, just for clarification—

Mr. Ramsay: Thank you.

Mr. Taylor: Is that right?

Mr. Ramsay: Thanks for clarifying it.

Mr. Taylor: That farm should be permitted to carry on. But at a time when we lack job opportunities in the countryside, we are trying to maintain our most precious resource, our young educated people, and we are looking for job opportunities for them, to deny that by expelling anything that looks as if it might be contrary to a farm operation adversely affects the community. This is especially true when the history of this province has been an effort to decoy development away from large urban centres, such as the Toronto-centred region plan, to get more diversified development around the province, not just in the big urban centres. A compromise has to be made.

Mr. Chairman: Thank you, Mr. Taylor. Has Mr. Ramsay finished?

Mr. Breagh: Obviously.

Mr. Taylor: There is nothing you cannot work in on a point of clarification.

Mr. Ramsay: I can see that. My words will be in your riding, too.

Hon. Mr. Grandmaitre: I might add that the Minister of Agriculture and Food will be

introducing a program entitled Right to Farm in the House very shortly.

Mr. Breagh: I want to hear Mr. Mancini's answer now.

Mr. Mancini: The Chairman cut me off and let Mr. Taylor give an answer.

Mr. Taylor: Do not pout, now.

Mr. Brandt: By way of further clarification to Mr. Ramsay's comment, I want to add another dimension to the planning process. One will find in many rural areas—and I say this to Mr. Ramsay because I have been through it, as have been many others around this table—the situation where some urban or quasi-urban development that occurs in rural areas is initiated by the farmers themselves.

If you want to get into a hot political topic, talk about land severances on the part of some members of the farm community where they want that development to place a home on a piece of severed land for a son or a daughter or to sell it for purposes of recouping some of the tied-up capital in the land they own.

I think the words of my colleague, whom I agree with on all occasions, irrespective of the subject—

Mr. Taylor: Just mention my name for the record, will you?

Mr. Brandt: For the record, my colleague Mr. Taylor, who was once mugged in the corridors of power—

Mr. Taylor: No, the back alleys of bureaucra-

Mr. Brandt: That is close.

Mr. Taylor: There is a big difference.

Mr. Brandt: He made an appeal for pragmatism, flexibility and elasticity, if I may use those terms, in the planning process. It is fair to say that that is the outlook the ministry should have. A very sterile, bureaucratic plan cannot be superimposed on any given part of the province. There has to be a certain degree of flexibility.

In many instances, the very home we are talking about preserving and the viability of the farm may well depend on severance of farm land for one or maybe two urban homes that are totally family oriented; they are oriented towards the continuation of that family. That is something we all support and promote as a societal objective. This is another dimension to the problem.

I want to change gears and raise some questions with respect to a program that is very dear to my heart. I want the minister to give us his views on the future of the Ontario downtown revitalization program, one of the real success

stories in the Ministry of Municipal Affairs. As a former mayor who went through this program, I can tell you that the chances of my community surviving as a viable downtown without assistance through this program were probably somewhere between slim and none. Chatham, Cornwall, Guelph, Brantford and a great number of medium-sized communities took advantage of this plan.

I notice that the total budget allocated to the downtown revitalization program is \$1.8 million, which is not a great deal of money when getting into partnership with municipalities. Perhaps the minister can indicate whether there are any active applications that will require this specific amount of money, whether new applications for this program are expected and what the future intentions are with respect to the program. Is it simply to be phased out, or is the door being left open for other communities that may require assistance?

I want to say to the minister and to some of the staff assembled here that a very strong and sound argument has been made by communities with populations exceeding 125,000. The program was for communities with populations between 25,000 and 125,000. A number of communities in excess of 125,000—Windsor, London, Hamilton and certain places in Toronto that I can think of—have neighbourhood shopping areas that have come under extremely intense competition as a result of having not only a vibrant downtown but also suburban shopping malls. Many of these neighbourhoods are eroding. These neighbourhood downtown areas are under stress. They are facing intense competition and require assistance.

It is highly unlikely that any kind of renewal process will occur if it is not given some form of government assistance. I am not saying total government assistance; I do not believe in a handout that attempts to cure all the problems of urban decay. But I believe there are a number of communities in which the subdowntowns or neighbourhood areas, which were viable at one time, require a somewhat different approach but something like a downtown revitalization program.

In the context of these questions, what are the intentions of the ministry? I am adding a suggestion that these problems at least be looked at. I am sure that in your own community of Ottawa and Vanier you could look at some neighbourhood areas that did not qualify for a downtown revitalization program singularly because they exceeded the population guidelines.

There are many communities—and I can think of specific areas that were brought to my attention during my involvement in this subject—that would look for help if it were available to them.

I will turn it over to you now and get your response.

9:10 p.m.

Hon. Mr. Grandmaitre: The honourable member is very familiar with the downtown revitalization program and the neighbourhood improvement program, which have been replaced with the commercial area improvement program and the business improvement area program. The ministry is continually improving these programs and introducing them under new names, new acronyms.

I think it was the intent of your government to phase out the downtown revitalization program and to replace it with another. It could have been CAIP, ONIP or BIA. Five minutes ago we were talking about a new industrial area improvement program. These programs are being thought of every day. This ministry consults with municipalities large and small, such as London and Hamilton, as you mentioned, about their needs. This is how new ideas are created. We budget according to the needs of these municipalities.

Looking at my notes, I see that \$54.1 million was allocated to 134 Ontario municipalities under both ONIP and CAIP for the 1985-86 fiscal year. We know the needs; we have identified them. We are willing to listen to municipal requests on this. This is an ongoing program. I agree that we have to be on top of their needs. Currently we have a gamut of programs that satisfy the needs of small and larger urban municipalities. We have committed \$20.1 million to 92 Ontario municipalities.

Mr. Farrow: CAIP is not limited to size, as was the Ontario downtown revitalization program. It is not nearly as many dollars, but it does the things you are talking about: helping downtown areas, older commercial areas and neighbourhoods of any municipality, regardless of size, to bring themselves up a bit.

The Ontario downtown revitalization program was phased out in 1983 when we brought in the commercial area improvement program and the other ones the minister mentioned because the dollars were very high, as you know, in the Chathams and the Brantfords. The money in the budget you mentioned is just the final payment on Brantford and Kingston.

Mr. Brandt: Are there any further applications under the downtown revitalization program, or have applications simply dried up

because the program is being phased out? Is this an existing application—

Mr. Farrow: Those are the last two we will be dealing with. We are dealing with the other municipalities now under the commercial area improvement program.

Mr. Brandt: Would an area like Ottawa Street in Windsor qualify? It is a neighbourhood shopping centre, not downtown.

Mr. Mancini: It is already finished.

Mr. Brandt: There are portions of it—the last time I was there, I admit, was a couple of years ago—for which they are still requesting assistance. Hamilton Road in London is another. Parts of Hamilton—

Hon. Mr. Grandmaitre: They could easily apply under CAIP.

Mr. Brandt: What does that cover? Can you identify what changes there are? What does that pay for?

Mr. Farrow: It is helping with the streetscape and with the signage.

Mr. Brandt: Will it help with sewers?

Mr. Farrow: Yes, it can help with sewers and with the streets themselves.

Mr. Brandt: How about land acquisition?

Mr. Farrow: Yes, for certain uses, such as parking.

Mr. Brandt: If one were to propose putting in a mini-mall in an area like that, would CAIP help to acquire land that might in fact be a transaction between the municipality and a private developer? If that were deemed to be part of a viable plan for that particular area, could that be done? Understand that I am saying the land acquisition would potentially end up in private hands.

Mr. Chairman: Could we ask Mr. Boles?

Hon. Mr. Grandmaitre: Yes, let me ask the expert.

Mr. Boles: The commercial area improvement program has four basic funding components. One is hard services: sewer, water, roadway, sidewalks and so on. The second is aesthetic improvements: brick sidewalks, decorative street lighting, planting boxes and what have you. The third is parking, and that includes the acquisition of land and the improvement of parking lots. The fourth is something we call small anchor redevelopments. This particular component of the CAIP program has not yet been used by any given municipality, but it would provide for—how best to describe it?—a small-scale downtown or commercial redevelopment

project, which could include land acquisition for a small mini-mall or acquisition and renovation of an existing building.

Mr. Brandt: One of the things I have found is that there is probably not a more difficult, complex or frustrating exercise than the revitalization of a downtown. I went through it literally for an entire decade when I was involved in municipal politics. I want to impress upon the ministry officials the need to be flexible.

As an example, you mentioned a third component. There were hard services and aesthetics, and the third component was parking. One of the things I have found in dealing with the realities of the redevelopment concept is that parking can take many forms. It can take the form of a structured parking lot, by which I mean a multi-level or a surface parking lot; or in some instances it can be a holding area for future development, in which parking is only a transitional use ultimately awaiting that developer, that anchor or whatever might come in to put all the pieces of the package together.

Is the CAIP program sufficiently flexible to allow for that transitional type of use, in which you would acquire land for parking and perhaps only gravel it—you may not even asphalt the parking lot for interim use—until such time as the community finds it is able to entice a more significant development into the area?

Mr. Boles: Yes, the CAIP program would not preclude that kind of temporary use, parking with a potential future use of a more intense commercial redevelopment. It has not happened yet, but the criteria of the program would provide for it.

Mr. Brandt: The program would still be too new for that to have occurred, but I wanted to make sure this flexibility was built in.

Can you give me some idea of what the sharing components of CAIP are? Are they the same for all the four subsections you have mentioned? What portion is anticipated to be paid for by the local municipality and what portion by the province? If there is a developer, is that part of it flexible and to be negotiated, or do you have fixed numbers on that as well?

Mr. Boles: CAIP is structured on a 50-50 basis. The municipal contribution is 50 per cent of the total project cost, and the provincial contribution is 50 per cent.

The provincial share is broken down between a grant and a loan. The maximum grant is 33 per cent of the provincial share, and there are items, such as the hard servicing and administrative costs, that are eligible for grant. The other costs I mentioned—parking, aesthetics and potential

redevelopment projects—would be eligible for a loan. The loan, two thirds of the provincial share, is subsidized with respect to interest, with the interest rate fixed at the point of allocation as 50 per cent of the then current provincial borrowing rate.

9:20 p.m.

Should there be a public-private project, the relationship between a municipality and a private developer regarding the private sector development costs would be negotiated by the municipality. Our agreement would be with the municipality, and any arrangements with the private sector would be negotiated through the municipality.

Mr. Taylor: But the municipality could not bonus anything.

Mr. Boles: Apart from the fact that the redevelopment section of the Planning Act provides for the municipality to lease and sell land to development interests as well.

Mr. Taylor: You can subdivide, service and resell or lease, but it was my understanding that you could not bonus industry. Are you suggesting now that some of the provincial moneys could be an indirect subsidy to the private sector in terms of acquisition by way of the municipality?

Mr. Boles: I am suggesting that has occurred. It occurred under the downtown revitalization program whereby the municipality acquired land with provincial loan assistance under that program and, through leasing arrangements, wrote down the value of the land to attract a private redevelopment project. That was the case in the city of Sarnia.

Mr. Brandt: We have to make a distinction between industrial and commercial. That is one of the distinctions. This is not an industry; it is a commercial development and would involve, in some instances, a major food store or, I guess the most attractive development would be a major retail store such as a chain of some kind.

Those are bonused, to use your term, by way of subsidy that flows through the municipality, either through land acquisition, service improvements that are required to service the development or aesthetic layouts that are peripheral to the development. There is a series of things one can do, and that has been done. Therefore, this would still be allowed under the plan.

Mr. Boles: Yes.

Mr. G. I. Miller: Can that be tied to improving housing such as rental accommodation? A lot of downtown areas have apartments located above commercial facilities. Many of

those, especially in small towns, could be upgraded for energy savings and provide excellent accommodation. Can it be tied into this program? Is there any relationship?

Hon. Mr. Grandmaitre: I think it can, but I will let Peter answer.

Mr. Boles: The Ministry of Housing offers a program known as convert-to-rent, which provides interest-free loans up to a certain maximum amount—\$7,000 or \$7,500 per unit, I believe—for the conversion of nonresidential space to residential accommodation.

In terms of CAIP, when we discuss with municipalities the kind of complementary activities they might become involved in, one of the things we recommend is that they attempt to work with property owners to make better use of second- and third-floor space above commercial buildings through that kind of program.

Mr. G. I. Miller: So it is co-ordinated through this ministry?

Hon. Mr. Grandmaitre: Both the ministries of Housing and Municipal Affairs.

Mr. Brandt: In relation to the development of the hard services, which can include everything from sewers and watermains to road paving, is it possible under CAIP to piggyback any of the grant and loan structure with other programs? I speak specifically of the occasion when the federal government, or perhaps even another ministry of the provincial government, comes along with a program that may dovetail.

The municipalities watch with eagle eyes, as you well know, the opportunities that present themselves with this kind of thing to accelerate a program and to do oversizing of a trunk sewer or something of that nature, which may tie in with this program and others. Is piggybacking allowed under the program?

Mr. Boles: Yes, piggybacking is allowed. The ability of municipalities to manipulate various grants from different levels of government varies. Some are very good at it, and some are not so good at it, but most are learning.

Mr. Pierce: They have a book going out.

Mr. Boles: It might be a bestseller.

There is the opportunity with CAIP to use other programs offered by other provincial ministries and the federal government. In many cases, municipalities have combined employment programs such as the Canada-Ontario employment development program to write down some of the labour costs of these projects. In many cases, we find that a main street or commercial improvement program is tied in with

a Ministry of Transportation and Communications connecting link project. That kind of mixing and matching or marrying does occur.

Mr. Brandt: I have a question that is off the subject of downtown revitalization.

Mr. Chairman: Are there any other questions for Mr. Boles?

Mr. Brandt: I do not have any at the moment. I do not know about anyone else.

Mr. Chairman: Thank you, Mr. Boles.

Mr. Brandt: I wonder why there is an item in the budget for the Niagara Escarpment plan in the amount of \$200,000. We were talking about saving, and my colleague behind me here was very excited about the \$206,000 we had saved in this program.

Mr. McKessock: It was \$1 million a year.

Mr. Brandt: There is another item in the budget, on page R105: "Niagara Escarpment plan implementation assistance, \$200,000."

Hon. Mr. Grandmaitre: If I am not mistaken, that is for the printing and—

Mr. Farrow: No. I believe that is the one where money is flowing through our ministry to two other ministries to assist them in their implementation of the land acquisition and the land maintenance: the Ministry of Natural Resources and the heritage branch of the Ministry of Citizenship and Culture.

That is just for the staff time, not for the money. There is \$2.5 million that has been allocated for land acquisition, as Mr. McMullin mentioned earlier, but there are funds to help those ministries in the administration of that area.

Mr. Taylor: You mean the municipalities?

Mr. Farrow: No. The ministries.

Mr. Taylor: However, it is in your budget and not in their budgets.

Mr. Brandt: That is why I am asking these questions.

Mr. Taylor: If it is in their administration, I was wondering why it was in your budget.

Mr. Farrow: That \$200,000 has \$100,000 going out to each ministry. There is an additional \$200,000, which Mr. Taylor mentioned, to assist municipalities as part of their planning program to bring their official plans into conformity with the Niagara Escarpment plan. That is the \$200,000 you mentioned down here on R105.

Mr. Brandt: Why would that not be in the Niagara Escarpment Commission budget? Why confuse it by sticking it in another item here, isolated from everything else?

Mr. Farrow: It is being administered by our community planning advisory branch and our community planning study branch. We give money to municipalities to help them amend their official plans throughout the province under zoning bylaws.

The agreement was made with the Niagara Escarpment Commission, saying our staff would be the prime people out there working with the municipalities and bringing their official plans into conformity with the Niagara Escarpment plan, but the money would be flowed through our ministry as our community planning study grants.

9:30 p.m.

Mr. Brandt: Was there a budget item for that activity last year?

Mr. Farrow: No, I do not believe so.

Hon. Mr. Grandmaitre: The reason is that since August 1985 it has been the responsibility of my ministry to administer this plan. Before August 1985, it was the responsibility of the commission. I think that is the answer.

Mr. Farrow: That is part of the answer, Minister, but this budget item was in there at the start of the year.

Mr. Pierce: Therefore, the saving is \$6,000.

Mr. Brandt: It could have been handled in the context of the commission's budget. They could have been shown as having purchased the service from your ministry rather than as a requirement for your ministry to have that revenue to pay for a service that effectively goes to the escarpment plan.

Mr. Farrow: It is not a service to the escarpment plan; the escarpment plan was produced by the commission. It would be similar to the Ministry of Agriculture and Food producing a policy statement on agricultural land. We have a policy statement coming up on aggregate land. We have certain provincial initiatives which must be incorporated into local official plans. All these are done through our ministry. We do not have the Ministry of Agriculture and Food fund a municipality when it puts an agricultural policy into its provincial plan or any of these other specific areas.

On the basis that official plans have to be dealt with by our ministry, this funding was needed because it was above and beyond what we expected to spend under our community planning study grants. When this estimate went through, the decision was made—and this is the point, Minister—not by this government but by the previous one, that it should be flowed through

our ministry as is the amending of official plans in all other cases.

Mr. Brandt: If you had said that earlier, I would not have asked the question. I rest my case.

Mr. Stevenson: I have two brief questions on agricultural land use. You mentioned the Minister of Agriculture and Food has a policy statement coming forward to go to the Ontario Municipal Board to get into the planning process. When are we likely to see that coming forward?

Hon. Mr. Grandmaitre: What I said was that the Minister of Agriculture and Food would be introducing a right-to-farm policy.

Mr. Stevenson: What I mean is that a policy statement under the Planning Act relating to the Food Land Guidelines will be coming forward. When is that likely to happen?

Hon. Mr. Grandmaitre: Very shortly; next week.

Mr. Stevenson: On a completely different item, you might be familiar with the situation of the United Missionary Church, I believe, in the town of Markham.

Hon. Mr. Grandmaitre: I am sorry, I am not.

Mr. Farrow: I am not sure where it is.

Mr. Stevenson: You are not sure where it is in the process?

Mr. Farrow: I am not sure which application it is. We have been discussing several churches in Markham; there is the big Roman Catholic church just off Highway 404, and there are others on the north side of 16th Avenue.

Mr. Stevenson: This one is around McCowan and Major Mackenzie Drive.

Mr. Farrow: No.

Mr. Stevenson: I will ask the question in some other forum.

Hon. Mr. Grandmaitre: Do you mean in the House? If it is a Catholic church, it will be accepted.

Mr. Taylor: For redevelopment too?

Mr. Stevenson: The application is for rezoning a piece of property to build a church on, and it is hung up.

Mr. Farrow: We can do that through a report in the House on Thursday, Minister.

Hon. Mr. Grandmaitre: I will try to get an answer.

Mr. Brandt: I have a quick follow-up question with respect to the earlier line of questioning. Looking at the budget, I see, "Niagara Escarpment plan implementation assis-

tance, \$200,000." Below that is "Recoveries from other ministries, \$200,000." Is that a contra account? Is that the same \$200,000? Is that the recovery we are talking about?

Mr. Farrow: Yes, I believe that is what has come in to us from the resources development policy field.

Mr. Brandt: So those two items relate?

Mr. Farrow: I believe so.

Mr. Brandt: There is nothing else in the budget that is a nice, round \$200,000. In effect, \$200,000 goes out, but it is recovered from other ministries for the work you identified you were doing to assist municipalities in the Niagara Escarpment.

Mr. Pierce and I are extremely interested to find out whether we saved \$200,000 or whether that \$200,000 is somewhere else. I saw the look of anguish on the chairman's face when I asked him about the cut of \$206,000. He has left already; had he been here, I might have found a way to help him get it back very quickly.

Hon. Mr. Grandmaitre: I think we have the answer, Mr. Chairman.

Mr. Farrow: That is the same item. In 1985, when this budget came in, the Niagara Escarpment Commission was under the resources development policy field. At the beginning of 1985-86, the Provincial Secretariat for Resources Development decided we should have that \$200,000 to help pay the municipalities. Therefore, it came to us from the resources development policy field.

Mr. Taylor: I wonder if it shows in their budget.

Mr. Chairman: They do not have one any more.

Items 1 to 6, inclusive, agreed to.

Vote 2602 agreed to.

On vote 2605, municipal affairs program:

Mr. Barlow: I have to leave, but I want to get a question in with regard to unconditional grants that municipalities receive. For the past two years, the city of Cambridge has had an understanding of what the increase would be over the previous year. Does the minister have an actual figure of the increase over 1985 that individual municipalities will get?

Hon. Mr. Grandmaitre: No. The total budget has been increased by 4.2 per cent for 1985-86 and by four per cent for 1986-87. It is a complicated process to calculate for individual municipalities, but I can look it up and let you know.

Mr. Barlow: If you will do that.

Hon. Mr. Grandmaitre: Also, as you know, I made an announcement that northern support and general support grants have been increased for 1985-86 and 1986-87. As for the calculation, that would depend on the equalization grant, the resources grant and so on; it varies from municipality to municipality.

Mr. Barlow: When those figures are available, can I get them?

Hon. Mr. Grandmaitre: Yes.

Mr. Barlow: Perhaps someone from your staff could phone my office.

9:40 p.m.

Hon. Mr. Grandmaitre: I am sure the chief administrative officer or the clerk of that municipality—

Mr. Barlow: Have they been provided with the figures?

Hon. Mr. Grandmaitre: Yes. As I told you before, they know the increase in the budget is 4.2 per cent this year and—

Mr. Barlow: That is the overall average; some get more and some get less.

Hon. Mr. Grandmaitre: Yes. They might qualify for two per cent and another municipality for 1.5 per cent or whatever. It depends on the total financial picture of that municipality. I am sure the chief administrative officer or the clerk of that municipality can provide you with a much more accurate figure than I can.

Mr. Pierce: Is the maximum 4.2 per cent or could it be 6.3 per cent?

Hon. Mr. Grandmaitre: No. The overall budget increase is 4.2 per cent. However, you may be right. It may work out to five per cent for a municipality, depending on its equalized factors—equalization grant, resource grant, police grant and so on. For a needy municipality, it could work out to five per cent or 4.5 per cent.

Mr. Pierce: Okay. That is the question I had.

Mr. Hayes: I should like to touch on the shoreline protection loan plan. Because of the way the program has been set up, there is no guarantee that when people do the work, the loan will be forthcoming from the government. If the property owner wishes to build the shoreline protection, he must first apply to the municipality, get a municipal engineer or representative or someone, say, from the conservation authority to look at the plans, and then they might approve those plans.

The individual must go ahead and hire a contractor at his own expense and have the work

done. Then the Ministry of Natural Resources, in this case, will make a decision on whether he qualifies for the funds. If the ministry decides he does not meet its criteria, even though he has had the other approvals, he may be stuck with a large bank loan or something he cannot afford for a higher interest rate.

There are also some other concerns with this.

Hon. Mr. Grandmaitre: Can I answer this question before you go on? I can assure you that before any work is started the plan or the work must be approved by the Ministry of Natural Resources. If the plan is accepted, I see no reason why this person or owner should not be compensated.

Mr. Hayes: This is not the way it has been working. Some of the municipalities, for example, do not know how much money is going to be available in the first place or how much is going to be allocated. They also have the fear they are going to be stuck in a first-come, first-served position. They do not know how much money is available because I understand there was a part of the money allocated, in the amount of \$5 million, which the previous government had put in there, but this government has reduced that amount of money some way.

Mr. Brandt: About \$1.5 million.

Hon. Mr. Grandmaitre: As you know, the Minister of Natural Resources (Mr. Kerrio) has visited a number of areas or municipalities affected by these waters, and he and I will be introducing a new program, we hope very shortly. In the meantime, municipalities have the responsibility of evaluating the damages. I can assure you the program will last until March 31, 1986, and around March 31, a new financial program will be introduced.

Mr. Taylor: I gather we are hearing about government programs that are underfunded, so though the program is in place—it looks great on paper—when you line up, you find the cupboard is bare. You are saying you are going to bring in a new program. Would you indicate the extent of that program and the process? First, there is a municipal approval process so that the municipality funds it directly, but it is indirectly financed by the government of Ontario. I am interested in the interest rate, the degree of subsidization of that interest rate and the repayment provisions.

Hon. Mr. Grandmaitre: The program has not changed since you were in power. We are still administering the same program you introduced.

Mr. Taylor: However, it was a program that was oversubscribed with respect to the amount of money available.

Hon. Mr. Grandmaitre: That is right.

Mr. Taylor: I call that underfunding. There was also a concern about the degree of interest subsidy, which would add a financial burden. I am interested in the change you are bringing about in the new program on both counts, the amount of funding and the subsidy aspect of it.

Hon. Mr. Grandmaitre: I have not seen the report of the Minister of Natural Resources. I cannot be specific on the amount of dollars, but I know a study has been made. After having spoken to the Minister of Natural Resources, I know he is looking at the possibility of increasing these dollars. Maybe Mr. Fleming can say more about this program.

Mr. Fleming: This program was not required for a number of years until 1984 and funds were not allocated for it. As the Great Lakes level rose, it became necessary to allocate funding to the program, which was done last year. There has not been a substantial taking up of that. The present claim is somewhere around \$400,000 and at the moment we have \$600,000 still available for municipalities. As the minister said, the current program finishes on March 31. Before that happens, I understand the ministry is going to cabinet with a submission to continue that program.

Mr. Hayes: There is also another concern that a lot of the work that has to be done along the shorelines is impossible to do. It has to be done now. I would like to know what specific plans the minister has now to assist municipalities and property owners. I mean now, not after we get the floods and it is a real emergency and everybody starts scrambling. Are you prepared to do something about even putting in buffers or getting sandbagging and those things done? The threat of the floods is here.

Mr. Brandt: You are talking about the spring.

Mr. Hayes: In the spring and prior to the spring.

Hon. Mr. Grandmaitre: As I said previously, the program is still going on. The old program is still in place until March 31.

9:50 p.m.

Mr. Hayes: No. I am asking you if you are prepared to do something now to protect the people in the spring because the work that has to be done cannot be done prior to the flooding if the water continues to rise. We want your ministry

and the Minister of Natural Resources or whatever ministry is responsible to do something now, so the people can be prepared and protected prior to the flooding. This would have to be over and above what your plan is now.

Hon. Mr. Grandmaitre: The problem is the present program does not provide for this before flooding. However, this is the responsibility of the Minister of Natural Resources. I know he is very active in this program. As far as providing you with an answer this evening, no, I cannot promise that.

Mr. Hayes: Then answer that tomorrow. That is no problem.

I find it very interesting that you say it is the responsibility of the Minister of Natural Resources, because when I talk to him about these types of questions, I find your ministry is responsible for the funding.

Hon. Mr. Grandmaitre: No. It is the Minister of Natural Resources.

Mr. Chairman: Everybody is jumping in at once. Mr. Hayes, are you finished with your point on this?

Mr. Hayes: I will ask the the Minister of Municipal Affairs if he will get together with the the Minister of Natural ResCces and come back with an answer for us on this.

Hon. Mr. Grandmaitre: Yes, very shortly.

Mr. Pierce: The shoreline protection plan is covered only where there are municipalities. What about the people outside the boundaries of municipalities in rural areas? They do not qualify, but they have the same water lapping at their heels. Currently under the program, they do not qualify for assistance with shoreline protection. Is there any intention in your ministry now or in the near future to look at bringing those people into the plan as well?

Hon. Mr. Grandmaitre: At the present, no. My ministry does not have a program to protect areas outside the municipalities, but who knows? I have not seen Mr. Kerrio's report. It might include communities outside municipalities. I have been talking to the minister and he is still working on it. I hope a program will be introduced very shortly.

Mr. Pierce: Is there no chance right now that anybody outside a municipality will have access before March 31 to funds for shoreline protection?

Hon. Mr. Grandmaitre: That is a very difficult question for me to answer because this is

not part of the program. If you are asking me for extra dollars, then I would have to say—

Mr. Pierce: No. I am asking you to allow people who have properties along the shoreline but are outside the boundaries of municipalities to have access to this program. There are a number of those cases throughout Ontario.

Mr. McGuigan: The unorganized communities.

Mr. Pierce: That is right.

Hon. Mr. Grandmaitre: Under the present guidelines of the program, this is not possible for unorganized areas.

Mr. Pierce: Would the minister consider applications by those outside the municipalities? I realize it is the municipalities that administer the plan.

Hon. Mr. Grandmaitre: Well, we can consider it.

Mr. Brandt: My question is supplementary to the initial issue raised by Mr. Hayes. I want to support the comments he has made on this program and emphasize the urgency of it. I do not know whether one can appreciate the level of anxiety and apprehension among those of us who live along the Great Lakes shoreline. It is somewhat more critical in Mr. Hayes's area than in mine in Sarnia and Lambton. I have one area under very severe stress now. Because of these high water levels, one does not have the luxury of time to pass this thing back and forth between ministries.

Hon. Mr. Grandmaitre: What was done before, Mr. Chairman?

Mr. Brandt: It is irrelevant. However, in answer to the minister's question—

Hon. Mr. Grandmaitre: I was asking the chairman. I thought he had an answer.

Mr. Brandt: —since he is now asking me questions, we are dealing with historic highs in water levels.

Mr. Taylor: We had better control in water levels.

Mr. Brandt: That is right. The fact is that there are now water levels seven or eight inches above the historic high for this period. The devastation anticipated in areas such as Windsor-Essex is absolutely phenomenal. There will be hundreds of millions of dollars worth of damage if any unique circumstances are coupled with the high water. I feel the Ministry of Natural Resources should flow the money through you with the one-window approach you talked about in your speech to the Association of Municipali-

ties of Ontario. You got stuck with that one-window-approach statement. Now all of us are looking to you for the answer to all these complicated questions.

Hon. Mr. Grandmaitre: Do not forget that we are an open government. We only need one window.

Mr. Brandt: I appreciate that, but do not pull the venetian blinds down over the window so that we do not know what is going on on the other side of this open government.

Coupled with the concerns raised by my colleagues, there are also areas in which the private property owner will not be applying for assistance through the municipality. I hope you accept the sound and reasoned arguments of my colleague with respect to unorganized municipalities qualifying in the same way. There is also another category, that is, public property along a shoreline which even on a temporary emergency basis may require the attention of your ministry, the Ministry of Natural Resources and perhaps even the Ministry of the Environment for sandbagging or some form of temporary assistance. I am not talking about elaborate seawalls or those kinds of things. If can borrow Mr. Hayes's word, buffers may be needed in some instances.

Historically, these water levels are cyclical. They are on about a seven-year cycle. One can anticipate they will go down again. No one will be coming forward with the same degree of urgency requesting assistance at that time. The problem is here now. If you have travelled in those areas—and I am sure you have travelled there on the way to the great convention you had recently in Windsor where you had your love-in—you will know that if something is not done, those flatlands in the Windsor-Essex area are going to suffer a tremendous amount of damage because of the historic high levels. They are unprecedented. They have never been that way before to the extent they are now.

I urge you not to let this thing sit as a remote, abstract, secondary problem. It is a real problem. I want to impress this on you. It has to be addressed.

Hon. Mr. Grandmaitre: I can assure the member that the Minister of Natural Resources is currently discussing these possible disasters with the federal government. It is not only a provincial responsibility but a federal one. The minister is discussing having a federal-provincial program. The negotiations are going on. We are concerned about these possibilities.

Mr. Brandt: Is there, not in your budget, but in the budget of one of the ministries somewhere, an emergency fund for tornadoes or other catastrophes that may occur? If so, could you tell me what is in the budget for that purpose?

Hon. Mr. Grandmaitre: I will attempt to answer this question. Yes, we do. There is a budget item. I am not familiar with the dollars. I do not think we have a dollar sign.

10 p.m.

Mr. McGuigan: I do not have a question. I want to make a comment on what Mr. Hayes said. People where I live have put in shoreline protection under the act. It goes in especially easily during wintertime. The people who put in the sheet-piling do it by working on the ice. I know there is not time to do all the work that has to be done, but if individuals had approval, they could protect their property almost immediately by working on the ice; it is easier to work on ice than on waves.

Mr. Brandt: It does not move as much.

Mr. McGuigan: I have heard people say, "I am afraid I will not get paid." This applies to any provincial project. You get approval, follow the plans and, when it is inspected, you get money, provided the work has been done according to the plans. I cannot see why anyone should have that fear. For instance, in the case of tile, a farmer does not get his money until a man comes out and inspects to see the tile is underground, the levels are right and those sorts of things.

Mr. G. I. Miller: To be fair, in an emergency situation the municipality has to be involved. If it gets involved, suggests there is an emergency situation and that sandbagging is needed, I think the minister would react. Sandbagging is taking place at the present time.

Mr. Hayes: Regardless of what has been said, there is still a lot of uncertainty about the program. Mr. Brandt brought up the Ministry of the Environment. I do not know how much involvement it has or whether it has any involvement, but that raises another issue. The town of Tecumseh, the village of St. Clair Beach and other areas are concerned that the sewers are going to back up into their homes as a result of the high water this spring. That is another area. Perhaps another ministry should be involved in this issue.

Hon. Mr. Grandmaitre: I can assure the honourable member that the Minister of Natural Resources has visited 26 or 27 municipalities and is quite aware of all the problems mentioned this evening. We are looking forward to his report.

Mr. Hayes: We appreciate that everybody is aware of it. We just want to make sure something is done about it.

Mr. Pierce: Will that statement be out very shortly?

Hon. Mr. Grandmaitre: Very shortly.

Mr. McKessock: I brought this problem to the attention of the minister briefly—

Hon. Mr. Grandmaitre: And it is the same answer.

Mr. McKessock: I do not have an answer yet. While you and your staff are here, I have some more information I would like to bring to your attention. It appears that one of my municipalities is not the only one in Ontario that has a problem. It seems as though the federal government is trying to get out of paying grants in lieu of taxes.

The Department of National Defence has a tank range in St. Vincent township near Meaford—it expropriated 17,000 acres 40 years ago. Until this year, they have been paying their fair share of municipal and education taxes, amounting to \$113,262. This year they paid only \$44,000, a drop of \$69,000. This is quite a slap to a small township. Apparently, they told the township that this new policy, which they are blaming on the Ontario government, affects 50 municipalities in Ontario.

I want to quote from a letter from the federal Department of Public Works. It states, "We have calculated your grant in lieu of real property taxes under the Municipal Grants Act 1980 for the 1985 tax year." It says the amount is \$44,000, but it should have been \$113,000.

In another paragraph it says: "In calculating the grant, school mill rates have not been included in respect to the property of the Department of National Defence. We have been advised by our legal officers that DND holdings are outside the jurisdiction of the school boards levying taxes in your municipality. Responsibility for the education of the dependants of DND personnel residing on departmental land has been assigned by the Ministry of Education to Canadian Forces school boards established especially for that purpose. These boards must make whatever financial arrangements are necessary to obtain appropriate services from neighbouring school boards."

I want to point out that there never were any children coming from that base.

Mr. Taylor: Or industrial lands.

Mr. McKessock: It is the same thing. Lots of people pay education taxes who do not have any children going to school.

Mr. Pierce: Most of the senior citizens.

Mr. McKessock: Senior citizens, vacant land, whatever. They do not have any there and they never had. They talk as if children are going off the base and other arrangements are going to be made. They have been paying taxes for 35 years and they have suddenly decided they are going to cut off \$69,000.

Hon. Mr. Grandmaitre: We have to blame the feds for this one. I will pass it on.

Mr. McKessock: I wrote to the Minister of Education (Mr. Conway) pertaining to this and I will give you a copy. A copy has been sent to William Downing, CA, in your ministry. The township also wrote to the Association of Municipalities of Ontario on January 17, with a copy to Mr. Downing.

Hon. Mr. Grandmaitre: Mr. Close, could you enlighten my friend, Mr. McKessock?

Mr. Pierce: What have you done with the feds? You have have them upset.

Hon. Mr. Grandmaitre: They have been upset ever since they have been there.

Interjection: Just lately.

Mr. Close: The minister has written to the federal government and has not yet received a response. He asked the federal government to re-examine this policy change and at least to delay its implementation to a more appropriate time to give some lead time for the change.

The issue has been that the federal government has been required to provide for its own boards of education on military bases or to pay tuition for students going off the bases, which it has been doing in a lot of cases. At the same time, they have been paying education taxes through the payment-in-lieu program. Those payments have been held by the municipalities and not paid over to school boards.

In fairness to the federal government, it looked at this and said: "We have to supply our own school boards or pay tuition and we are also paying school taxes on the other side. We are double-paying." They decided they would pay only one way rather than both. As I said, it seemed to be a rather sudden policy change and we have asked them to postpone it for a year.

Mr. McKessock: It may be applicable in some areas, but certainly not in Meaford where they do not have any children from the base going to school. There has been no change in the past 35 years they have been paying these taxes.

Mr. Close: In that case, I assume they are providing their own schooling on the base.

Mr. McKessock: They do not have children. They are either single, or married and living in Meaford. It is a training centre for the military.

10:10 p.m.

Mr. Close: The federal government is required to provide its own school board if there are children. It has simply said, "If we are required to supply our own schooling if we have children there, why should we also pay education taxes?" They have been doing this for a long time and I believe they have been reviewing a lot of their payments-in-lieu programs lately. This is simply one of them. It is a situation where the money has been going to the municipality. It has not been paid over to a school board and has been kept by the municipality. The federal government has been paying both the education and the municipal rates.

Mr. McKessock: What makes you think it was not turned over to the board of education?

Mr. Close: It was not included in the Ministry of Education's apportionment formula. We had the occasion today to review some similar activities with respect to the atomic energy company. We are having some problems of a similar nature.

Mr. McKessock: As I understand it, the township levies a mill rate for its education taxes on the assessment. The assessment of this property was something like \$3,248,000. That money would definitely be turned over to the school board as education taxes.

Mr. Close: In the Education Act, that assessment is not included in the apportionment. It is classified in the assessment rolls as government-exempt, and as such does not feature in its apportionment. In effect, the local board of education does not get the money and has not for a number of years.

Mr. Chairman: I wonder whether I could test the committee. The minister has a 20-minute presentation on municipal finance. Is it the wish of the committee to continue to exchange ideas or does it want to see the presentation?

Mr. McKessock: I am finished. I have been enlightened by what you have said. I want to get back to the township and check that out with it. I think it is in the interests of the Ministry of Municipal Affairs to make sure that what the federal government is doing is proper because somebody is going to have to come up with this money for the municipalities.

Mr. Taylor: Mr. Chairman, to answer your question, I think it is probably more important that the members here ask questions—

Mr. Chairman: It is entirely up to the committee.

Mr. Taylor:—than be taught from a presentation we can probably see at a later date if we wish. This is a very important issue Mr. McKessock has raised, not only in the application of federal land but also with regard to provincial land. In ridings such as mine we have many thousands of acres of provincial lands, and while they bear an assessment, because all lands have to be assessed, the grant in lieu is impoverishing some of the smaller municipalities.

Mr. Chairman: Is it the consensus of the committee to continue the exchange?

Mr. McKessock: I might add a little more. I do not see this property we are talking about as being different from a piece of vacant land or an industrial piece of property. They do not have children going to school either. Any children who go to school from this base live in Meaford. If there are families there with children, they live in Meaford and the Grey County Board of Education pays for their education. They do not have their own board. It may be in the case of Camp Borden—I am sure it has its own schools, but this is different; it does not have its own board. If they are taking advantage of any education, it is certainly from the Grey county board.

Mr. Close: We have been attempting to follow up with the federal authorities on a number of these matters. It seems the Auditor General is creating a certain amount of stress within the federal government regarding payments in lieu of taxes. The federal government has not tended to negotiate its decisions in this regard in the past. They make a decision and that is it. We have approached them on a number of occasions on various matters, including this one concerning military bases, and we have not yet received a response.

Even if their actions were justified, we argue with the suddenness of the move. Municipalities such as you mentioned can have a rather heavy financial burden on them because funds have been used to reduce the municipal mill rate.

Mr. McKessock: Has there been a recent change in policy as far as the Ontario government is concerned?

Mr. Close: No.

Mr. McKessock: Is the federal government trying to say it has been paying this for 35 years and should not have been?

Mr. Close: The federal government is saying that, as well as raising a number of other points concerning payments in lieu. It has stated that it has been paying it out unjustifiably and to the wrong people. In the case of Atomic Energy of Canada Ltd., it was in the habit of paying it directly to the school boards. The Auditor General now has asked it to pay all the funds over to the municipalities.

That is not going to be the end of the discussion either. There are going to be further problems in that regard, because in those cases it will be the school boards that will be out of money. Money will be flowing to the municipality over and above what it has received, so there is no consistency in what the federal government is doing with these programs.

Mr. McKessock: Has this been a policy change by only the federal government, and not the provincial government?

Mr. Close: There is no change with the provincial government.

Mr. Taylor: I have a supplementary question to what Mr. McKessock asked. You mentioned there was no change in provincial policy. I have been waiting with great expectation for more than a decade for a change in provincial policy that would see the province pay a grant in lieu of taxes that would approach what a normal tax bill would be on that assessment.

In Prince Edward county we have some large provincial parks—Outlet Beach, Sandbanks Provincial Park and others. We have an old Department of National Defence base now taken over by or at least administered by the province. A lot of land has been taken out of production, good farm land that produced revenue for the municipality. Now we have small communities, little municipalities such as Athol township and Hallowell township where the tax return on the property, because it is by way of grant in lieu of taxes, does not approach fairness. It was my understanding that there was an evolving policy on the part of the previous government—I do not blame the minister for this.

Mr. Hayes: The previous government.

Mr. Taylor: That is right.

Mr. Pierce: We can blame it now.

Mr. Taylor: We want to be fair. It is only fair to this minister that he appreciate there was discussion over the years about increasing the grant so that it approached more closely what the normal taxes would be on that property.

10:20 p.m.

My question for the minister's staff, through the chairman in appreciation of the fine job he is doing as opposed to the previous chairman, is whether the present government intends to ensure that a grant in lieu of taxes more closely approaches what that land would produce if it were under private ownership.

Hon. Mr. Grandmaitre: Market value.

Mr. Taylor: As far as market value is concerned, it does not matter, because all land is assessed, whether it is liable for taxation or not. It is a question of what the grant in lieu of taxes happens to be.

Is that what is going to happen?

Hon. Mr. Grandmaitre: I think Mr. Fleming can close debate on this. He has all the proper answers.

Mr. Fleming: First, provincial payments in lieu of taxes do not include education taxes, it having been deemed for many years that the education grant, of which assessment or lack of assessment is a major component, picks up the education portion of taxes, so our payments in lieu are based on municipal taxes.

So far as provincial parks are concerned, the law was changed a year or two ago to provide that provincial parks are assessed and taxed on the basis of the surrounding land, whether that surrounding land is farm land or recreational land. So now the payment in lieu of taxes for provincial parks is taxed in exactly the same way as private homes are.

Mr. McKessock: Including education taxes?

Mr. Fleming: No, not including education taxes.

Mr. McKessock: So it is really taxed only at half?

Mr. Taylor: It is not taxed. It is a grant in lieu of taxation, but the answer we are getting is that the assessment now is equivalent to or based on neighbouring assessments, so the assessment is fair that is on the tax roll.

Mr. McKessock: But they pay only half the taxes?

Mr. Taylor: Or less, depending on your education—

Mr. McKessock: Education amounts to about half the taxes.

Mr. Taylor: How do we appeal that?

Mr. Fleming: I have not calculated this for a number of years, but—

Hon. Mr. Grandmaitre: The city of Ottawa has been appealing it for the last 25 years.

Mr. Taylor: Are any of us young enough to commence an appeal?

Mr. Chairman: Just ignore the interjections by the minister and carry on.

Mr. Fleming: It used to be that the education grant picked up somewhere around 90 per cent of the loss of taxes because the provincial payment in lieu excluded school taxes. I have not done that calculation for a number of years, but this was the reason that, for provincial payments in lieu of taxes, school taxes were omitted from the payment.

Mr. McKessock: It is always a little risky to let someone else pay it for you. I know that in my area there is a lot of government-owned land, and it is not fair for the township not to have its rightful amount of tax coming back. It is also not fair to allow the government to buy land and compete with me or with someone else and then get away with paying only half the taxes.

You say it is going to come back from another ministry through a grant, but to me it is a roundabout way of doing it. Everyone who owns land should pay taxes the same way in the same amount.

Mr. Chairman: Before I turn it over to Mr. McCague, I have to leave to do mortal combat with the Minister of Northern Development and Mines (Mr. Fontaine) at 10:30.

Mr. McCague: I believe you are aware that the habit Wasaga Beach may have had for some years of holding its inaugural meeting some stormy day in December does not quite meet the provisions of the Municipal Act. They feel it is necessary to introduce a private bill to legitimize the present council. I would like you to comment on that. What I would really like is assurance that you agree with the principle of the bill that we can have it manicured by legislative counsel and proceed forthwith.

Hon. Mr. Grandmaitre: I remember reading something about this mishap some three or four weeks ago. I am sure it is a procedural mishap. My ministry or I will be very lenient on this council. I have not seen anything on my desk, but I remember reading about it.

It is a procedural matter. Yes, we can accommodate Wasaga Beach.

Mr. McCague: Thank you very much.

Mr. Brandt: There are only a few moments left, so I will be as quick as I can. The grants to the Association of Municipalities of Ontario, the Association of Municipal Clerks and Treasurers of Ontario, the Federation of Northern Ontario Municipalities and the Northwestern Ontario

Municipal Association come to a total of \$105,000. Is that the amount they requested for grant purposes from your ministry? Was it more? Did you grant them what they asked for? What is the situation?

Hon. Mr. Grandmaitre: I cannot answer this question when it comes to dollar signs. Mr. Fleming?

Mr. Fleming: In recent years we have not had any formal requests from those associations for an increase in their grants, although we knew that all those associations would be quite delighted to have some.

We have tended to fund new initiatives for AMO in particular in the past two or three years. Its labour relations program, for example, was in very large part funded by the association. We are in the process of funding a legislative summary or directory, and in that way we have assisted AMO. However, by way of direct grant we have not had a formal request in the last few years.

Mr. Brandt: I would like to put in an appeal for some consideration when you look at the Northwestern Ontario Municipal Association at only \$1,500, the Federation of Northern Ontario Municipalities at the same amount and the municipal clerks and treasurers at only \$2,000. All those organizations, as any of us who came out of municipal life are well aware, do a tremendous amount of work. I would like those figures to be reviewed, quite frankly, because many of the initiatives in new programs and progressive municipal thinking have emanated from very hard work by AMO officials.

I am speaking not simply of the staff, for whom I have great respect, from Mike Dunbar right on down through the organization, but of the hundreds upon hundreds of hours of volunteer work put in by some of the elected officials on the various committees and study groups they have set up. That money is extremely well spent.

That is a small amount of money for this kind of service, irrespective of who sits on that side of the desk. That figure should be discussed with them regarding what they might be able to do for us at a cost that may be far less than what we can do ourselves. They are the people closest to the problem. They recognize municipal problems far more readily than we do sometimes at the provincial level. It is important that we recognize their contribution to the overall scheme of things.

10:30 p.m.

Regarding another quick area of the budget, I wanted to ask a question on a \$1.9-million grant being paid under the Barrie-Innisfil Annexation

Act. Have the payments for the Brantford-Brant issue now been completely retired, or are they somewhere else in the budget?

Mr. Fleming: They have been completely retired. A final payment of \$200,000 was made about three to six months ago.

Mr. Brandt: Can I have the total amounts of moneys for both the Barrie and the Brantford annexations? I am looking for the figure that could best be identified as that which was over and above any other grants specifically designed to smooth the difficulties that the municipalities found themselves in when there was a negotiated settlement of land transfer and assessment in their particular jurisdictions.

Hon. Mr. Grandmaitre: Yes, I am sure we can provide the member with all those figures.

Mr. Brandt: I do not necessarily have to have them now. You could drop me a note on them. I do not believe that the \$1.9 million to Barrie-Innisfil is the total amount. Are additional payments to follow or is that a total payment?

Mr. Fleming: The amount for Innisfil is total. There is a subsequent payment in 10 years for Vespra—

Mr. Brandt: That is the kind of figure I want. I want the total package for Innisfil, which of

course includes Vespra and Barrie, and the total figure as it relates to the Brantford annexation. Those gross numbers and any particulars your ministry might be able to provide relative to those situations would be helpful.

The Acting Chairman (Mr. Hayes): Having no further discussion, we will call the vote on vote 2605, including supplementary estimates.

Vote 2605 agreed to.

The Acting Chairman: Shall I report at the appropriate time the 1985-86 estimates and supplementary estimates of the Ministry of Municipal Affairs, including the 1985-86 estimates of the Niagara Escarpment Commission, to the House without amendment?

Agreed to.

Hon. Mr. Grandmaitre: On behalf of my staff, I would like to thank you, Mr. Chairman, and the honourable members who have spent five hours in the deliberation and evaluation of my budget. Thank you for your co-operation.

The Acting Chairman: The committee will reconvene at 10 a.m. Wednesday for the estimates of the Ministry of Housing.

The committee adjourned at 10:33 p.m.

CONTENTS

Tuesday, January 28, 1986

Resources development policy program:

Niagara Escarpment Commission R-837

Community planning program: R-841

Municipal affairs program R-850

Adjournment R-858

SPEAKERS IN THIS ISSUE

Barlow, W. W. (Cambridge PC)

Brandt, A. S. (Sarnia PC)

Breaugh, M. J. (Oshawa NDP)

Grandmaître, Hon. B. C., Minister of Municipal Affairs (Ottawa East L)

Hayes, P., Acting Chairman (Essex North NDP)

Laughren, F., Chairman (Nickel Belt NDP)

Mancini, R. (Essex South L)

McCague, G. R. (Dufferin-Simcoe PC)

McGuigan, J. F. (Kent-Elgin L)

McKessock, R. (Grey L)

Miller, G. I. (Haldimand-Norfolk L)

Pierce, F. J. (Rainy River PC)

Ramsay, D., Vice-Chairman (Timiskaming NDP)

Stevenson, K. R. (Durham-York PC)

Taylor, J. A. (Prince Edward-Lennox PC)

From the Ministry of Municipal Affairs:

Bauman, K. A., Director, Community Planning Advisory Branch

Boles, P. W., Director, Community Renewal Branch

Close, L. J., Director, Municipal Finance Branch

Farrow, G. M., Assistant Deputy Minister, Community Planning

Fleming, E. M., Assistant Deputy Minister, Municipal Affairs

Herrold, S., Manager, Administration, Niagara Escarpment Commission

McMullin, J. I., Chairman, Niagara Escarpment Commission

Thompson, G. R., Deputy Minister



No. R-36

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Housing

First Session, 33rd Parliament
Wednesday, January 29, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 29, 1986

The committee met at 10:15 a.m. in room 228.

ESTIMATES, MINISTRY OF HOUSING

Mr. Chairman: We will commence the estimates of the Ministry of Housing. In the estimates books, housing and municipal affairs were combined, so we will be dealing with votes 2601, 2603, 2604, including supplementaries, and 2606. We will commence under vote 2601 with the leadoff statement by the minister.

Hon. Mr. Curling: I will also make mention of those votes too.

Mr. Gordon: Excuse me. Do we have a copy of this statement?

Mr. Chairman: It is coming around.

Mr. Mitchell: We just have to follow the bounding ball.

Hon. Mr. Curling: We would never exclude you. I want you to follow it detail by detail.

I am delighted to have this opportunity to address the members of the standing committee on our estimates today. As the chairman has indicated, this year's estimates were originally drawn up by the Ministry of Municipal Affairs and Housing in April 1985.

As you are all aware, there have been some significant changes since April 1985, including the splitting of the ministry into two separate ministries, the Ministry of Municipal Affairs and the Ministry of Housing, which has responsibility for rent review. I gather Municipal Affairs completed its estimates yesterday.

This decision reflected the major responsibilities that each of the new ministries has to the people of Ontario and, for the Ministry of Housing in particular, the major challenges in providing decent and affordable housing for our citizens.

Through a process of wide consultation, my ministry has spent the last seven months developing a comprehensive housing policy for Ontario, a policy which has effectively redesigned the form and function of the Ministry of Housing and which could not have been anticipated by those who established the original estimates in April 1985.

I make reference to the assured housing policy because it admittedly has some impact on the estimates you have before you.

In approaching this committee's consideration of our estimates, I understand that the primary purpose is to examine carefully and assess the priorities of this government at the level of the individual ministries.

I am confident that you share my desire that the 10 hours we will spend together will be as productive as possible for every member of the estimates committee as well as for me and my staff.

Mr. Mancini: It is going to be a love-in.

Hon. Mr. Curling: I think it will be.

Mr. Gordon: Guaranteed.

Hon. Mr. Curling: I know you genuinely seek an understanding of the goals and performance of the Ministry of Housing within a sound fiscal framework, and I welcome this opportunity to discuss them with you. I hope this time together will prove to be educational for all of us.

I believe that the record and trends of the ministry will speak for themselves. For that reason, I am dispensing with lengthy opening remarks. I have consulted some of the Hansards and I realize that quite proficient and eloquent people have come before this estimates committee before, but I thought we would dispense with that.

With the concurrence of the committee, we will be addressing the four votes in this order: vote 2604, community housing; vote 2601, ministry administration; vote 2603, real estate; and vote 2606, residential tenancy. Those votes encompass the full scope and responsibility of this ministry.

As we move to examine each vote, I intend to speak briefly to the subject matter of each. I have asked my staff to provide you with background briefings related to the subject matter of each vote. I think the information they will provide will be of benefit to all members in coming to appreciate the complex issues we face.

This is a great opportunity to discuss the Ministry of Housing with you.

10:20 a.m.

Mr. Chairman: I assume Mr. Gordon now would like to make some remarks.

Mr. Gordon: I would like to make a few remarks at this time. I will also be addressing the various votes as they come along and the subjects

that are raised therein. I take it we have already received the background briefs from the ministry with regard to each of the subjects we are going to be speaking about. Is that correct?

Hon. Mr. Curling: I thought you had received it.

Mr. Gordon: When you were talking about background briefs, you were referring to the book we received.

Hon. Mr. Curling: Yes.

Mr. Gordon: I first want to apologize for not being able to be at the estimates on Thursday evening. I have a prior commitment made some time ago, long before the schedule was decided for these estimates, but I assure you there will be people here on Thursday evening who will be quite capable of addressing the very important and serious problem of housing in Ontario, and assessing the minister's comments and reaction.

It is my privilege to be here today as Housing critic for the official opposition. I welcome this opportunity to make the opening statement on behalf of the Progressive Conservative Party. This is a decidedly different and new experience for many of us here today. I am hopeful, if not confident—although confidence attends my hope—that this process will lead to greater clarity of the direction of the new government with respect to the housing crisis we face across this province.

The mandate of the Ministry of Housing is to meet the need for affordable, decent rental housing for the citizens of Ontario. As the minister himself has articulated, the priority of his government is to come to grips with the crucial issues we face in housing. There is a great challenge in the task at hand to develop policies that truly meet the often conflicting perspectives of landlord and tenant and to arrive at a consensus that is fair and just for all, one that truly serves the interests of those most in need. I believe that despite our differences, we share this common goal.

That is our common concern and I believe we must keep uppermost in our minds that commonality of responsibility. The people of this province deserve no less.

It is the responsibility of the minister to initiate responsive and innovative policies and programs. My responsibility is to be an effective and ever-vigilant critic. At this time and in this place, that role is not difficult. With all due respect, I am far from being bereft of material. There is much to criticize in the minister's new assured housing policy for Ontario. Much has been promised, and many highly charged, inflated and

grandiose commitments have been made about a new day for landlord and tenant in Ontario.

However, I am yet to be convinced that it is not all smoke and mirrors. Perhaps the hours spent in this committee reviewing these estimates will allow me to see the light less darkly.

One thing we know as politicians is that one has to learn fast, especially when portfolios, or for that matter governments, change overnight. I am anxious to see how fast the minister learns, considering that when he was first appointed Minister of Housing he essentially told the press he did not know a thing about his party's housing policies. He did not know about his leader's campaign pledge to put \$100 million towards low-income rental housing in one year to bring on stream 14,000 rental units in one year.

If I recall correctly, the minister mentioned something about relying on the good advice of civil servants. This is hardly what I would call leadership, but I will return to that later. I welcome these deliberations, if for no other reason than that perhaps I now will have some substantial answers to the questions I have posed to the minister in the House. As it now stands, from the response to my queries I would have to conclude that the minister still does not know too much about his own housing policies.

Prior to the release of Assured Housing for Ontario, the refrain given in answer to my questions was "soon," "shortly," "very shortly." Then came December 6 and Assured Housing for Ontario and a new answer. It was no more enlightening than the previous refrain. Now to every question there is the constant rejoinder to "read my policy paper." I am told, "The member should read my position paper; it is in there."

I have read his position paper. Now I am at the exasperating point of suggesting to him that perhaps it is time he read his own policy paper.

On December 17 I questioned the minister about the 44,000 private sector rental units that would be built over the next five years, only 1,000 of them in 1986. I was told: "I think the honourable member has not yet read the report. I do not know where he got the figures he quoted. Those figures are not correct."

But these figures are correct. There they sit as clear as day on page 11 of his policy paper. These are not minor, academic, complicated statistics. These are the number of unassisted private sector rental units he expects to see constructed in Ontario over the next five years. These are quite literally the building blocks of his program. This I would expect him to know.

Just yesterday in the House, my colleague Mr. McCague asked a question regarding his policy on the eligibility of psychiatrically disabled persons for assisted housing. The minister told him, in essence, "It is in my position paper." I cannot find any reference to this issue at all in that paper.

I later researched this and found that a major undertaking of ministry staff these last two weeks—still ongoing, as a matter of fact—was a series of workshops across the province for all housing authority staff. The workshops deal with the guidelines to be used in implementing a policy, passed last spring, that allows psychiatrically disabled persons to now receive assisted housing. I am surprised the minister was not more cognizant of the goings-on of his own ministry.

However, I hope these proceedings will allow for greater elaboration and more satisfying responses to questions than is possible in the House. I also hope we will have some clear evidence that the minister is at the helm and not the civil servants, with all due respect to those good individuals. It is interesting how quickly and expediently perspectives can change according to opportunity. If we examine many of the new programs implemented in Assured Housing for Ontario they bear, in many instances, a striking resemblance to those the previous government had initiated or was in the process of bringing on stream.

Some of the names have been changed; one in particular is Building Industry Strategy. That is lifted almost word for word, figure by figure, from a package our government put forward last spring called Building Together. At that time, however, the then Leader of the Opposition (Mr. Peterson) labelled it "bilging together." He dismissed the entire initiative as "a policy joke," "simplistic" and "minimally effective." But times change. Now this very same building strategy is suddenly one of the most inspiring things that has happened to Ontario in a long time.

10:30 a.m.

The minister has said his new housing policy rests on four pillars and the building industry strategy is one of those pillars. I will talk a little bit about that pillar as time goes on. There are some very real cracks in that pillar.

I wish to raise some very fundamental issues over the course of the next few days. One concerns clarity, certainty and the climate of confidence we have heard so much about,

shining down upon all developers and landlords in the good province of Ontario.

In July, the minister stated in the House that he was confident the simple elimination of uncertainty throughout the construction industry would have a positive effect on the building stocks. He spoke of making his policy absolutely clear and above board, and then proceeded to make his stand on rent controls absolutely unclear with an absoluteness that was most astounding.

In answer to a question in the House, he said rent controls bring people in line to have affordable accommodation, and if these people know they can have affordable homes that itself will give access to these things. I wonder about this. It sounds a little fantastic to me, but then I may lack the minister's power of imagination or even of manifestation.

On October 18, the minister again got himself into hot water on the issue of rent controls. He alluded to the fact that if the vacancy rates were to rise to acceptable levels, his ministry would consider removing rent controls, and that his ministry would continue to monitor the situation every year with the possibility that rent controls could be removed.

Outside the Legislature that same day, the Premier (Mr. Peterson) contradicted the minister by saying that rent controls would not be removed under any circumstances and he did not know why the minister had said what he did. However, the minister's Assured Housing for Ontario policy paper at least makes it clear that he is now intent on keeping rent controls as a permanent fixture of his overall housing policy. I am glad to see the Premier and the minister—not to mention their New Democratic friends—now see eye to eye.

None the less, I maintain there is still no climate of certainty, there is no clarity and, above all, this assured housing policy has done and will do nothing to create confidence in the private sector to spur the building of 44,000 unassisted private sector units over the next five years.

Let us examine this one component. The minister's position paper claims that 44,000 rental units will be built by the private sector over the next five years without any assistance from the government. This is an unrealistically high figure, especially in view of the fact that the minister is expecting only about 1,000 of those units to be built in 1986.

In 1985, 1,400 units were built without government assistance of any kind. The figure was even slightly higher in 1984, when the

interest rates were high. To predict that 1,000 unassisted units will be built over the next year is hardly a clear indication of any confidence among developers in this province, especially when one considers that the minister stated that high interest rates were a major factor in the decline in rental unit starts.

When one considers that the government has imposed the four per cent rent increase guidelines on post-1976 buildings, that is hardly likely to engender a great deal of enthusiasm in those people who might build buildings to take care of our housing crisis.

I ask the minister to provide a list of those developers who are firmly committed to building units. On page 30 of his position paper, table 7, "Economic Impact of Assured Housing for Ontario," indicates that 76,300 jobs will be created because of private sector initiatives. However, the footnote to this reads, "This assumes new rent regulation system promotes additional private activity in the following amounts: 1,100 in 1986, 3,600 in 1987, 9,200 in 1988, 10,400 in 1989 and 10,400 in 1990."

I would like to know how you arrived at these figures. Give us the names of those who are committed to building these units. Show us the documentation. Bring out the papers which show that imposing rent controls on post-1976 buildings has engendered that much confidence in the private sector. Bring these people who say they are cautiously optimistic in front of us so we can talk to them and question them about their plans.

I find it curious that the minister expects only about 1,000 in 1986. I find it especially curious in the light of the fact that what I perceive to be really happening here is that the developers are waiting patiently to see whether the minister is going to keep his end of the bargain. Is he really going to provide readily available ways and means whereby landlords can apply for increases above four per cent—for instance, where rents are chronically depressed in pre-1976 buildings?

Would you bring forward the reports on which you based some of your assumptions? Where, for example, is the report you mention which says that those tenants who are in pre-1976 buildings, where the rents are chronically lower than they should be, according to your statements can afford to pay increased rents? You said the majority of them could afford to pay increased rents in those chronically low rent apartment units. Where are the reports on which you base those assumptions? I would like to see them before this committee.

I would also like to see you bring forward some of the major tenant leaders and have them sit here and tell us they think a large number of tenants out there can afford to have their rents go up. Bring them in, too, for those chronically depressed pre-1976 buildings.

Bring the developers and the landlords in at the same time and have them sit there. Let us have a real discussion in these estimates about what is going on out there in Ontario, where there is a real crisis in housing.

Is the minister really going to provide readily available ways and means whereby landlords can apply for increases above four per cent where rents, for instance, are chronically depressed in pre-1976 buildings or where a landlord is suffering economic loss in post-1976 buildings?

A further indication that this is indeed the case is given by the developers themselves. When the minister announced Assured Housing for Ontario in the House on December 16, heralding a major change in direction and attitude towards housing in this province, he spoke of giving confidence to landlords and to the building industry. That is, Assured Housing for Ontario was based on five main elements, one of which was a climate of increased confidence, a new spirit of trust and confidence. He is beginning to sound more and more like somebody else in this country whom people are starting not to believe.

10:40 a.m.

However, I find it difficult to accept the reality of this confidence when those same developers who stood by your side on December 16 and said they were cautiously optimistic are now calling press conferences to make absolutely sure their point is heard loud and clear.

They are telling the press, and thereby the public—I quote William Grenier, head of the Fair Rental Policy Organization of Ontario, with whom I am sure the minister and his deputy minister are familiar: "This situation is bad for all of us, landlord and tenant alike. The program proposed by the Ontario government in December is not nearly enough to solve the problem of supply."

By this time next year you will probably be looking at figures that are far worse unless something is done immediately. The idea that we have plenty of time to tinker with the system just is not so. The Fair Rental people are asking that the government accelerate its program to enable builders to build by avoiding, as they term it, "three months of time-wasting hearings from yet another commission by speeding up the rent review process in the interim and by making

development incentive decisions now, instead of somewhere along down the road."

I ask the minister to make available to this committee an answer on whether he is going to accede to the requests of the Fair Rental people with regard to the points they have raised that I have just enunciated. Could the committee have this answer before the estimates are over? We will have to take some time away from the slide shows and the music to get some answers on the record, but I am sure the minister is quite willing to do that.

Here is the salient point. Grenier wants to hurry up decisions that will be development incentives. These decisions have not been made yet; in fact, none of the really thorny issues have been resolved. Can we have some idea of when these issues are going to be addressed?

Do you have some kind of time line? Usually ministries do. I am sure if you talk to the civil servants, you will see that they have some charts they can roll out at a moment's notice to indicate when the program is going to come on stream, how many people it is going to affect, how many units are going to be built in 1986 and so forth.

The minister can persist in speaking of a new day of co-operation and consultation because none of those issues have yet been tackled. They have been handed over to one of the innumerable committees the minister has brought into being. If the decision is "development incentive," as Grenier calls it, they will build; if not, they will not build.

When I asked the minister a question in the House regarding the confidence of the private sector to build, the minister replied, "If the question is whether the developers have the confidence to build, the answer is yes, they have the confidence to build." Yet here they are a month later saying that your policy does not do nearly enough to solve the problem of supply, and these are the big developers in the province.

What about the smaller developers, the other 60 per cent responsible for the supply of rental housing in this province? Do they have the confidence to build? The ones I have spoken to say they have no plans to build, that they are not going to be building any more rental housing in this province.

The minister will be aware of the famous—or infamous, depending upon your source of information and perhaps on your political point of view—Kitchener landlords who have distinctly said they cannot properly maintain their apartments because they cannot afford to do so. Does the small landlord out there understand anything

more than the most obvious things? The ceiling has been lowered to four per cent and rent controls are now across the board; there are no more post-1976 exemptions.

I would like to review some figures. I received these from the corporate planning and evaluation branch of your ministry. The number of units needed to maintain the status quo—that is the present level of availability of affordable housing—is estimated to be 19,300 new units per year from 1986 to 1991. Rounded off, that is approximately 96,000 units during the next five years. The government's most optimistic projections will not even maintain the unacceptable status quo. You have these figures, you identified the need, but you do not respond to it at the same time as you decry the situation as unacceptable and even immoral.

Moreover, you say it is not enough to maintain the status quo, "more must be done." You say you are also committed to meeting the backlog of unmet need. If I add onto the figure of 96,000 units the figure mentioned in the position paper of 25,000 more units that are needed to meet the backlog of need, we end up with a total of 121,000 units that must be constructed during five years to fulfil the grandiose promises you have made to the Ontario public.

I ask the minister to explain how this commitment is to be met. He is relying on the confidence of the private sector for 44,000 units. What provisions have been made to meet the crisis we will be facing if the private sector fails to bite? At the end of 1986, if the private sector does not build, if it shows obvious lack of confidence, as it is beginning to do right now, what will the ministry do about it? I would like to have that answered, too, during these estimates.

Another issue your policy fails to address in any substantial way is the critical problem of affordability. Statistics show it costs \$60,000 to \$65,000 to build that fairly ordinary apartment in Metropolitan Toronto, and to realize a reasonable return a landlord has to charge a monthly rent of \$750 to \$800. Under the new Renters' program this could be reduced to \$600 or \$650. This is certainly still far beyond the pocketbook of the low income earner in Ontario today. Where are the rental units for the low income and homeless going to come from?

More than 40,000 families are on waiting lists for subsidized housing across the province. More than 200,000 households cannot afford decent housing. You say you are responding to this crisis. How?

In another very interesting press interview with the Fair Rental Policy people that was held just last week, these developers came down heavily on the failure of rent controls truly to help those most in need. Let us talk about those who are most in need. To use their words, "I find a government policy that subsidizes the rich under the guise of helping the poor appalling."

This study shows that rent controls do nothing for the needy. It indicates that a random survey of Metro tenants shows that 44 per cent of those earning more than \$41,000 a year pay less than 15 per cent of their income on rent. An incredible 96 per cent of those with incomes of more than \$41,000 pay less than 20 per cent. In contrast, about 83 per cent of those who earn less than \$18,750 per year pay more than 26 per cent of their income on rent and almost 40 per cent pay more than 36 per cent.

They pose the question, where is the affordable housing that rent controls were supposed to offer. Rent controls do nothing for those who need financial help most and provide a wonderful monthly subsidy for those who need it not at all.

10:50 a.m.

Peter Goring of the Fair Rental Policy group suggests the government should spend its time and the taxpayers' money ending controls and taking care of the poor and disadvantaged. There are two points to be made. I am not suggesting by any means that Goring has all the answers, but this kind of publicity from the senior vice-president of Bramalea Ltd. does not do much for a climate of confidence in the private sector in the province. Indeed, I surmise that the recent press conferences they have held do just the opposite.

The second point I raise with these figures is the conclusion this group makes that rent controls really happen on the backs of the poor and the most needy. Does the minister have any figures to refute the findings of this survey, or is this the ministry's position and view as well?

Does the minister have any studies that show rent controls help the needy more than the middle-to-high-income earners, and will he bring forward any papers he has on this matter? How did the minister's version of rent controls alter the situation Goring is describing? If this is indeed the result of rent controls, is the minister committed to digging us deeper into the hole regardless? Has he given considered opinion to lifting rent controls?

What is the minister's opinion regarding the wisdom and feasibility of implementing a rent supplement program based on income need targeted only to those in need? How would he go

about implementing it? Is the ministry looking at that policy at the present time? What papers have been prepared on it, and can we hear during these estimates from the people doing the work?

What is the minister's considered opinion of the pros and cons of such an alternative compared to the system of rent controls now in place? I would like to know what the minister thinks along those lines.

I have another question regarding affordability. I raised this question in the House, and the response was decidedly unsatisfying. The question concerned comments made by the assistant deputy minister, Gardner Church, in a news interview wherein he acknowledged that any new building by the private sector was going to be in the high end of the market and that this luxury housing would become the affordable housing for people in approximately 20 years.

What are the low income and the 200,000 core needy supposed to do between now and the year 2005? The minister's comment to me was: "If he has read something in the paper that said my assistant deputy minister had given a viewpoint he should go back to the assured housing policy; that is the policy we have."

I have difficulty with this answer in that the assistant deputy minister's name appears at the top of practically every press release in the assured housing package as the contact person for further information. This is the information he is giving out about your program. My question remains unanswered. I do not believe the minister has addressed in any substantial manner the crisis of affordability.

The assured housing strategy provides \$100 million to upgrade some 18,500 older rental units. In Metro alone 300,000 units have been identified as in need of urgent upgrading at a cost of \$2 billion. Why has the minister allocated this meagre amount towards saving our present rental stock?

The minister will be aware that private sector market representatives have said that buildings may have to be abandoned if they are not upgraded very soon. Does the minister have any estimates on how many buildings are nearing this situation, and is he prepared to enrich the program to prevent buildings from being abandoned?

How many committees does the minister need to help him do his job or to do the job for him? To list just a few of these committees, we have the Rent Review Advisory Committee, with innumerable responsibilities; we have the interministerial committee to conduct a comprehensive

examination of the affordability problems of lower-income tenants and to assist pre-1976 landlords charging chronically reduced rents; we have another committee to study the best method of protecting boarders and lodgers; and we have a committee to decide how to develop a relevant cost inflation index for rent ceilings.

I want to return to the first committee, the Rent Review Advisory Committee and its extensive mandate, which includes a rent review policy, a very important policy; a landlord-tenant relations policy, another important policy; rental housing production; rent registry, a matter of deep concern to the tenants of Ontario; planning of rental housing; financing of rental housing; and how to help lower-income tenants. In short, the committee will be expected to provide advice to the minister regarding a large number of rent review issues that must be resolved within the framework of this policy.

Given that this one committee has such a broad mandate concerning so many important issues the ministry is very concerned about, how many meetings have been held since it was first announced that there would be a committee? What was the purpose of the first meeting? Was it a social or working session? What papers have been presented to that committee on these various topics? I would like those to be presented to this committee.

Could we have some kind of a stated time line as to when each one of these subjects will be dealt with and when you expect to come forward with a policy and some kind of substantive report? Are we expected to wait till next year, when the housing crisis has reached intolerable proportions, and to be told, "We are still meeting"?

Many decisions are yet to be forthcoming and it is all still smoke and mirrors and a lot of finely tuned phrases or well-phrased cosmetics. I will go so far as to suggest that without the New Democratic Party whispering in your ear and holding you to its line and without the inheritance of our ideas, there is little evidence of creative direction offered in your assured housing for Ontario policy.

Mr. McGuigan: It cannot be both.

Mr. Gordon: Mr. McGuigan, you woke up.

Mr. McGuigan: Did you ever hear this whispering?

Mr. Gordon: Any questions that lack answers and any problems that demand a clear-cut leadership stand on the part of the minister are to be sent to one of these committees for further study.

You have now extended rent controls to all apartments in Ontario, resulting in the collapse of any significant investment or any chance of significant investment from the private sector in Ontario. That means Ontario will have a permanent and chronic housing shortage and developers will not be building. Are you therefore prepared to inject the massive public subsidies that will be required to provide the kind of housing that people will need in this province?

Could this committee have some information—let us go back to about 1970, using figures adjusted for inflation—to show us what it has cost the past government and what you expect it to cost this government between 1970 and 1990 in regard to providing public moneys for housing? We know in the early and mid-1970s it was low. I am interested in knowing how much we were injecting at that time. How much do you expect your policy to cost the taxpayers of this province between now and 1990, now that you have effectively driven the private sector out of the business of apartments?

11 a.m.

The last point I want to raise for now is that on January 22 in newspapers across this province you ran your advertisement headed "Get Involved in Ontario's New Nonprofit Housing Program." The advertisement announced that this year the Ministry of Housing will approve 6,700 nonprofit and co-operative rental units as part of your assured housing for Ontario strategy.

There was much confusion over this advertisement and your attendant press release as to who, the federal or provincial government, is funding what. Actually, there was not that much confusion in the advertising. Despite the fact that the federal government is paying 60 per cent of the cost of 4,772 of those units, there was no mention of joint funding. One could only surmise that the new government of Ontario was doing this all on its own.

I am not so sure, however, that this grab at the limelight has done all that much for federal-provincial relations. I would be interested to know exactly what the reaction of the federal people was to this ad.

That raises another point. I would like to know when the federal-provincial joint agreement was signed. I do not recall any federal-provincial announcement. Perhaps that document could be tabled.

Putting that aside, let us address the government's commitment to build 10,000 social housing units over three years, in addition to any federal allocations. If we deduct the federal-

provincial jointly funded units, this government has committed only 1,900 of the 10,000 units it said it would build in addition to that federal allocation.

Even our friend Mr. McClellan was a little disappointed in the number of social units that were allocated. Actually, if he were free to speak his mind, I am sure he would express more than a little disappointment. I am sure when he does speak he is going to address himself to the minister's record. Nevertheless, to quote him, "I do not accept that this is the total commitment."

I understood Mr. McClellan was going to put some tough questions to the minister in the House. However, in the minister's strategic absence, his question was addressed to the Treasurer (Mr. Nixon). I will repeat that question verbatim so the minister can provide the full response now. The member may thank me later.

"Mr. McClellan: I am sure the Treasurer has been made aware of the article in Wednesday's Toronto Star by David Lewis Stein wherein Mr. Stein indicated that there is a tremendous amount of confusion with respect to how many housing units the government intends to finance itself, first in 1985-86 and, second, in 1986-87, and what share of those units between the federal and provincial governments is under an incredibly complicated new funding formula?"

"Will the Treasurer review the confusion that is set out in Mr. Stein's article and undertake to come back to the House, perhaps with the Minister of Housing when he returns, and present to us a clear and understandable statement of how many units the government intends to fund in 1985-86 and how many units the government intends to fund in 1986-87 in addition to federal allocations?"

That is my question also. Will you provide us with an answer?

I have many other questions I will be posing as we review the individual votes. In conclusion, I would like to thank you and the members of the committee for giving me this opportunity this morning. I hope I have not overburdened the minister and his staff.

Hon. Mr. Curling: We will miss you tomorrow.

Mr. Gordon: It will be a little respite.

Actually, I hope the minister looks forward to the opportunity to clarify his position on the issues I have raised. I believe this is an important process we undertake, or is the word "endure"? I suppose it depends on where one sits. I am sure this will be a learning experience for all of us.

Mr. Chairman: Thank you, Mr. Gordon. I assume the committee wishes to proceed with Mr. McClellan's remarks before hearing the minister's response.

Mr. McClellan: First, I congratulate my colleague the member for Sudbury (Mr. Gordon) for his well-prepared presentation, a very thoughtful exposition of the developers' perspective on both the rent control question and housing issues.

The member raised a number of interesting points of view that we can debate during the remainder of these estimates, in the House and on the hustings. He has asked a number of very good questions of detail with respect to aspects of the minister's program.

One thing he did not address, though, is the very basic point that in 1978 the government of Ontario stopped building nonprofit housing and that in 1985 the government of Ontario has started building nonprofit housing again. My colleague from Sudbury omitted to mention that little fact during the course of his lengthy presentation. It was a major oversight.

The reason we have a housing crisis in this province is quite simple. The government of Ontario, which has the responsibility for financing the construction of affordable nonprofit housing, passed the buck in 1978, turned the Ontario Housing Corp. into a holding company to manage its portfolio and in the ensuing eight years has not built a brick; it has not built any housing in Ontario.

Everything that has been built during that time has been built by the federal government, and our contribution to that effort since 1978 has been the expenditure of two cents by the province for every \$1 spent by the federal government. This is despite the fact that Ontario in the 1950s and 1960s was in the forefront in Canada in the construction of nonprofit, affordable housing through the Ontario Housing Corp.

11:10 a.m.

If we look at the record of the ministry, we will see listed a portfolio of more than 80,000 units of public housing in this province. The officials will know the exact dates, but most of those units were constructed within a 10-year period. At one time, Ontario understood it had the responsibility to step in when the private market fails and to build affordable housing. Ontario did build tens of thousands of units within a very short period of time to respond to the housing crisis of the 1950s and 1960s.

For a variety of reasons, the government of William Davis turned its back on housing

programs, shut down and abolished the Ministry of Housing and turned the Ontario Housing Corp. into a holding company to manage its portfolio. It was not until the present minister's announcement shortly before Christmas 1985 that Ontario indicated it intended to reassume its responsibilities for financing the construction of affordable housing.

We are not satisfied with the effort that has been announced, simply because of the extent of the crisis; but we applaud the government, without reservation, for reassuming its responsibility to finance the construction of housing, for re-establishing a Ministry of Housing and for having a respectable number of housing allocations as part of the startup, which will be available for proposal call within a matter of weeks, if calls for proposals have not been made already.

We expect Ontario will stay in the housing business and the allocation that has been announced will be the beginning of another major program that will rival or outstrip the accomplishment that was made in the 1960s in this province.

I want to deal with a number of issues in my overview. I suppose my perspective is different from that of the minister as well as that of Mr. Gordon. Mr. Gordon quoted Gardner Church as saying he thought the private sector would be building mostly luxury accommodation for the foreseeable future and in something like 20 years that would be available to people of more modest means.

This is a classic expression of the trickle-down theory. If you build luxury housing in 1985, access eventually trickles down to people of modest means. The estimate of officials in the ministry is that in about 20 years, average families will be able to afford what today is luxury accommodation. That has been happening. That did not start happening in 1985; it has been happening ever since the Second World War in this province.

One of the reasons we had to bring in rent control in 1975 was that the private sector had already abandoned the task of building affordable housing. We have not had vacancy rates above three per cent in Metropolitan Toronto since 1971. Three per cent is regarded as a healthy state of the market, an adequate state of supply.

Rent control was brought in because of a crisis of supply in 1971—a shortage of affordable housing. When the inflationary spiral hit after the oil crisis and landlords started to jack up their

rents in the order of 20 and 30 per cent, they were able to get away with it. The vacancy rates were so low the tenants had nowhere else to go; they had no choice but to pay the 20, 25, 30 or 60 per cent rent increases.

Rent control was brought in in response to a supply crisis which already existed. The private sector housing industry has been unable to provide affordable rental accommodation since before rent control was introduced. Those who argue, as Mr. Gordon did, that somehow the private sector has been fulfilling its role in providing affordable housing and is now going to be driven out of the housing market because of new changes in our rent control law, are living in a complete fantasy world. The private sector has not been building affordable housing for 15 years.

If the member has forgotten this point, I urge him to read the Fish-Dennis report, which was published in 1971—co-authored by none other than Susan Fish. The report was entitled, I think, *Programs in Search of a Policy* and was an analysis that validates the argument I am making this morning.

We have had a housing supply crisis for 15 years. In response to this supply crisis, we brought in rent control legislation. If there are rent controls, a supply crisis and a private housing industry incapable of building affordable housing, the corollary is that public programs to finance the construction of affordable housing must be expanded. Rather than accepting this corollary, the government did the opposite. It eliminated its capacity to build affordable housing by shutting down the ministry, eliminating its programs and relying on somebody else to do the job.

If you think the developers were unwilling to build affordable housing before 1975, it is a matter of record what they have done since 1975. They have abandoned the field entirely and have built nothing except luxury accommodation—mostly condominiums.

I was in Sudbury about a year and a half ago in my capacity as Housing critic talking to people who were trying to build affordable housing in a city that had a tremendous housing crisis. The only people who were building any affordable housing were the nonprofit housing developers. Nobody else was building a stick.

That has not just become the situation in Sudbury, as Mr. Gordon well knows. This was before the change of government. This was before the new rent control law. The private developers have been on strike in an absolute

sense since 1975. Our waiting lists have grown longer and longer. It is ludicrous to argue, as Mr. Gordon has argued this morning, that now the private sector is beginning to show lack of confidence. It has declared its lack of confidence through its actions over the course of the last 10 years.

11:20 a.m.

Mr. Gordon asked the minister—I am tempted to distort what he said, but I will not do so—whether he had given any consideration to the lifting of rent controls. I am sure the minister has, as Mr. Gordon's government did before. The more they study it, the more they realize it is impossible. We cannot lift rent controls, even though ideologically I am sure the Liberal government would like to lift them.

They denounced rent control, when it was introduced in 1975, as a fundamental deviation from the principles of the marketplace. John Sweeney said in the debate it was a temporary aberration that would somehow be corrected and go away. I know Jim Taylor will want to speak up on the point that the Conservative Party, deep down, despises rent control, which first saw the light of day as one of the maxims in the Communist Manifesto. That is a matter of historical record.

Mr. Taylor: The teachings of Mao.

Mr. McClellan: I do not know about Chairman Mao, but I do know it was a main point of the Communist Manifesto.

Here it was introduced by a Conservative government. I do not think they expected it to be permanent, but we all know what would happen if rent controls were lifted. Tenants would be hit with rent increases of an astronomical magnitude. No government would permit the kind of devastation that the lifting of rent controls would inflict on our tenant families in this province. People would be literally driven out of their homes with no place to go. Rent control is here to stay.

The private sector has declared it has opted out. Yet even the Liberal government, which has at least accepted the responsibility for providing public programs, is still saying it has some kind of magic belief that the private sector is going to swallow the new reforms to the rent control legislation, tighten its belt, bite the bullet and come back into the housing market. I have news for the minister. It is not going to happen, any more than it happened between 1975 and 1985.

When we pass the new rent review legislation, the developers are not going to come back into the field. They are out and they have been out for

15 years. All the incantations and recitations of the magic formulas of free enterprise about restoring confidence and creating a climate of opportunity, none of that works.

You can burn incense, you can shake feathers and you can recite your free enterprise slogans until you are all blue in the face, but it is not going to build a single apartment. Nothing you do is going to bring the private developers back into the business of providing affordable rental accommodation. They will build for the luxury market and nothing else.

In desperation, I predict the government will continue to try to throw money at them as a way of enticing them back into the business. We will have another series of down-the-drain expenditures.

We started with the limited dividend program. I have forgotten all the acronyms, but there are the Ontario rental construction loan program and the Canada rental supply program, and now we have the son of ORCL and CRSP, the Canada-Ontario rental supply program, CORSP. It is a matter of empirical evidence that it is doomed to the same kind of failure as ORCL, CRSP and all the other programs. You cannot bribe these guys back into what for them has become an unprofitable enterprise.

You are staring at an obvious but ideologically unpalatable choice, as unpalatable as rent control was in 1975. It is an ideological issue for the government. They have failed to confront it and grapple with it. The government is still pursuing the will-o'-the-wisp of free enterprise builders coming back into the field. But they are not coming back into the field, and that leaves you right on the hook to expand publicly supplied programs.

Frankly, 10,000 units is a drop in the bucket. The waiting lists are enormous. Mr. Gordon indicated there are objectively at least 200,000 families that have an affordability crisis in our province alone. In the light of the tremendous building program undertaken in the 1960s, 10,000 units is a drop in the bucket. Between 60,000 and 70,000 units were built then by the Ontario Housing Corp. in a short period of time.

I hope the minister understands, but I do not think he does, that 10,000 units are simply the startup to help him get in place the new programs, the mechanisms, the administration, the funding formula, and the nonprofit, private sector development groups and resource groups. It is not going to solve the housing crisis in this province. The minister will have to increase the allocation of funds many times.

What is the total budget now? Can somebody help me?

Mr. South: It is \$29 billion.

Mr. McClellan: We have not hit the magic \$30 billion yet. Let us round it off to \$30 billion. What is a billion? Look at the size of the housing budget. It is \$211 million out of \$30 billion. We spend close to \$8 billion on our health expenditures. We recognize that health services are a necessity of life. We have not recognized that affordable housing is equally essential as one of the necessities of life in a civilized, complex industrial society such as ours. We spend a tiny, minuscule fraction of Ontario's budget on housing programs—\$200 million out of \$30 billion.

Still the Conservatives howl and yell that we are spending too much and we cannot afford it. However, we cannot afford not to do it; it is as simple as that. If we want to provide decent housing for our people there is only one way to do it. In the face of the record of the private development industry over the past 15 years there is only one way to do it; and that is to rely not on government to build, but as you are doing on a mixture of private nonprofit and municipal nonprofit developers to build the required housing.

We know the capacity is there. The nonprofit developers in the private sector, the co-operative sector and the municipal nonprofit sector are every bit as competent as the big entrepreneurial developers. Their housing is just as good and they create just as many jobs. They employ just as many private contractors and small businessmen. They employ just as many drywallers, bricklayers, carpenters, electricians and plumbers as Olympia and York.

They have the same wonderful multiplier effect on the economy in creating jobs through all the building trades, all the suppliers to the building trades and all the manufacturers that are related to the housing industry. Every dime one allocates in housing is a dime spent directly on job creation for thousands of people.

11:30 a.m.

In this province, we undoubtedly have one of the best building trades forces in the entire world. We have built Metropolitan Toronto from the ground up since the Second World War. We have one of the most skilled work forces anywhere in the world in the building trades in this province. They are sitting there underemployed or unemployed. We have developers and contractors who are just as able to build in the nonprofit sector as they are in the entrepreneurial sector. We have

the resources to put it all together in the Ministry of Housing.

Your task will be to expand what has been begun this year. If you do that, if you stop pretending somebody else is going to do it, either the federal government or the private developers, and reorder your priorities so sufficient funds are available to make a real dent in the housing supply crisis, then you will have an opportunity to go down as somebody who has made a major contribution to the life of this province.

If this is simply another pilot project designed to demonstrate for the 40th time that technically it can be done but we do not have the will to do it on a significant scale, you might as well shut up shop now and save everybody a lot of wasted time. People in the municipal nonprofit sector, the co-operative sector and private nonprofit developers are waiting to see whether you are serious, whether your commitment is real or, as Mr. Gordon suggested, all smoke and mirrors. Time will tell whether this is a major housing supply program or just another little experiment that goes nowhere.

In the past, the government of Ontario has proved it has the capacity to influence the housing supply situation on a monumental scale. You can do it again in 1986 and in the years to come.

Even though my friends in the Conservative Party are responsible for the housing crisis because of what they did in 1978 and their refusal to accept the consequences of bringing in rent control and to introduce provincial housing supply programs, I hope they will not try to throw up roadblocks and obstacles to the accomplishment of the task the government has set for itself.

Private interests in the development industry are trying their damndest to block the passage of the new rent control legislation which closes all the loopholes and exemptions. They are going to argue as strenuously as ever against the introduction of new housing supply programs in the public sector.

I hope the Conservative Party has the sense, at least on this one issue, not to act as the voice of every reactionary Neanderthal who emerges from under the wet rock of the day. It is probably too much to ask, judging from the record of performance in the Legislature since the government changed in June. The Conservative Party seems committed to seeking out each and every reactionary, oppositionist, conservative vested interest it can locate and act as its amplifier here in the Legislature. Personally, I think it is a recipe for suicide. The people of this province are

not interested in that kind of extremism. However, we will wait and see.

I certainly hope and suspect that my opposite number, Mr. Gordon, who comes from a community where there is a terrific housing crisis, will understand it is not in his self-interest to be seen as somebody who is trying to impede progress.

Finally, I have a number of detailed questions I want to pursue during the course of these estimates. Mr. Gordon was kind enough to repeat one of them.

Mr. Gordon: Only because it was such a good question.

Mr. McClellan: He was sufficiently perspicacious to ask about the status of the federal-provincial agreement.

We have had the statement by the minister on January 22 and the announcements that were made as part of the Assured Housing for Ontario ceremonies back in December. However, I do not have a clear picture of the precise number of units the government is making available in its proposal as of, I hope, the end of January. Neither do I have a clear picture of the amount of money budgeted in the 1985-86 budget for those programs, the number of units that will be allocated in subsequent budget years and the amount of money that will be allocated to each of the different components of the Assured Housing for Ontario program. The briefing books do not help in understanding that.

I hope one of the first things we can do in these estimates is to have a presentation from the minister's officials that will help us to understand the relationship between the provincial assured housing supply program and the new federal-provincial agreement. I would like a clear understanding of how much housing is allocated by the federal government and how much is being paid for by our own government.

I hate to say this, but the minister's officials are adept—I will choose my words carefully—highly skilled at fudging the relationship between the federal and provincial governments as to the respective contributions. I am sure they were doing that on the instructions of their political masters who did not want us to understand that Ontario had only been paying two cents on the dollar.

It proved to be rather difficult to come to an understanding of how little Ontario was doing and how much the federal government was doing. I am quite insistent on knowing precisely the respective shares of responsibilities and financial contributions of both levels of govern-

ment towards the new programs and the allocation of budget funds between budget years.

We would welcome the opportunity to have the minister's officials come before us to respond to questions about some of the nitty-gritty details of the housing supply program. I am particularly interested in the formulas that are being made available for bridging subsidies, both to municipal nonprofits and to the co-operative housing developers.

I also want to review the distribution of rent-gear-to-income units within projects that will achieve the twin objectives of making affordable housing available to needy families, yet at the same time not lead to ghettoization. We want to improve the mix and have a better balance, but we do not want to go back to the ghettoization that discredited the original Ontario Housing Corp. programs. We are confident a balance can be worked out.

11:40 a.m.

I do not think I will go any farther now, except to say that the minister's officials should be congratulated for the work they have done in developing a housing supply program in a remarkably short time and in putting the Ministry of Housing back together after it was disbanded in 1978. I recognize a tremendous amount of very thoughtful, hard work has gone into the development of a brand-new program such as the one this government announced in December. That work should be acknowledged.

As well, a tremendous amount of work has gone into the development of legislation to plug the loopholes and exemptions in our Residential Tenancies Act. It mystifies me that the previous government, with the same wonderful public officials, failed to take advantage of all the good advice that was sitting there waiting to be harvested. It is one of the great mysteries of 20th century public administration that all those good ideas waiting to bubble forth in the Ministry of Housing were so cruelly suppressed by the previous regime. When a new government took office, in a few short months all this initiative and innovation was available for the service of the people of Ontario.

Interjection.

Mr. Reville: That Alvin is a hell of a guy.

Mr. McClellan: It is a wonderful phenomenon and I felt I would be remiss if I did not mention it briefly. With that, I will conclude. I look forward to the discussion over the next few days.

Mr. Chairman: I assume the minister would like to respond to his critics.

Hon. Mr. Curling: Being a new minister, I have total respect for my colleagues who have sat in the House for years. I hesitate to put my philosophy forward because they are quite adept and experienced in the problems that have faced this province for a number of years.

When the problems came forward I presume they had—Mr. McClellan said it so well—efficient and capable civil servants who, along with the politicians or representatives, could bring forth ideas and implement policies. It was all there in place to be used, to be touched. Therefore, even when I want to respond in the House to my dear friend, Mr. Gordon, I hesitate because I know he knows the answers.

Nevertheless, my problem is why, while they were in, they did not supply the answers to the problems that face us.

I would think that all 125 of us would have Ontario's interests at heart. However, I question whether they have Ontario's interests or their own specific, individual interests at heart, forgetting the civil servants, forgetting the people out there, forgetting that while the supply was drying up the demand was increasing.

The demand increased to the point where it became almost chronic in this province, where affordability meant some place to live each day. And yet a member of the official opposition would get up and ask me, "Why did this lady freeze in the streets last night?" And on the supplementary, the member would say, "It is because you are not building affordable units for these people to go to."

All of a sudden, like Mr. Gordon, they expect that I should come out and immediately build this supply that was so neglected. As I sit here, where he is closer and is more comfortable, I really believe he believes that what they were doing was right. We inherited that.

Mr. Gordon says that the minister has no answers to these problems. Mr. Gordon, you said that you call a spade a spade. You should also have said that for 42 years your government neglected to do the things it should have done; then you would have been calling a spade a spade.

You said I had made announcements—I want to comment on this because I have not had the opportunity to do so—and that I was confused or baffled or what have you. I shared my thoughts openly, of course. If we had a tremendous amount of supply, we would obviously not be

having this great debate about affordability and people dying in the streets with no place to go.

I do not come here pretending to know all the history of the Conservative Party, the New Democratic Party or the Liberal Party, but I come knowing that there is a need to be filled. I am going to address that need. I realize it will be gradual.

I will answer some of the questions as I go along, but I will make an effort to answer now some of the questions that may not come up later on.

As it went along, I realized that the previous government was not carrying its weight in regard to affordable housing. The federal government—your colleagues there or the previous Liberal government—was carrying the load for the province all along. The 10 per cent or whatever portion the province was carrying was terrible. The deals or the arrangements now are such that we are carrying 40 per cent and the federal government is carrying 60 per cent. At one stage, they came back to say it would be a 50:50 arrangement. After skilled negotiation by my staff, we are carrying 40 per cent. We are committed to facing that problem head on. Of course, we cannot solve in one year the chronic supply situation we are seeing.

To call a spade a spade, the previous government ran out of ideas, and there it was. I am no genius. In arriving on the scene, seeing those potential talents and actually seeing the need, I presume that in bringing all that together we can bring about a solution, but the solution will not come overnight.

You spoke about confidence. When I sat down with the developers, many of those people—the people you are saying I struck a deal with, or you struck a deal with or your government struck a deal with previously—told me that the minister had not sat down with them for years to talk about housing. However, these are the people you are expecting to deliver. These people told me that when rent control was introduced and six per cent was laid down as a guideline, you never sat down with them.

You talk about a hidden deal on my side; it is the hidden deal on your side that I should talk about. When I spoke to investors, they told me the same thing. I did not expect you to sit down with the tenants because of your philosophy, but eventually the crumbs would fall.

The confidence we have seen—you talk about all the committees I have struck. The specific committee of tenants and landlords is addressing these needs. They had never sat down together

before. I know you will be surprised that they can even sit down together to deal with some of these issues.

You talk about leadership and you expect that leadership is something an individual has that enables him to have all the answers. It is not so. A leader has confidence in the people surrounding him. Talents are identified and directed to the problems to solve them. Tenants have talents, developers have talents and the bureaucracy has talents.

11:50 a.m.

This is where I part on this road from the philosophy of my friend the member for Bellwoods (Mr. McClellan). We do believe that amongst those developers there are people with heart. They are still people. They are not bricks, mortar and money. They are people who have a social conscience. As with anything, I presume if they are allowed to make as much as they want and can get away with it, why not? However, to talk about people with greed; when I speak to those developers, they are anxious and have the interests of Ontario at heart. It was the previous government that did not have the interests of Ontario at heart.

As we go along with the vote, we will address in detail the questions that my dear friend the member for Sudbury (Mr. Gordon) raised. As you realize, we have separated it so that many of the answers will be given while the votes are being attended to. If the others are in too much detail, we will get them to you in writing; we can go through all of that.

In these estimates and in the days to come in the House, I look forward to having questions asked in the interests of Ontario when we are addressing this chronic situation. We have had enough posturing. The members do not get into the press so they can use it in their constituencies for election campaigns, but because it can be seen that the members have Ontario at heart in addressing our problems.

The interministerial committee that was referred to is an attempt to show that we work together as a team. It is not isolating each like a Bastille as we had previously, where the Minister of Health is the Minister of Health and says, "Do not touch my area." We work together for one basic interest, to address the needs of Ontario.

I ask at this stage whether we can introduce vote 2604. May I proceed with that or do I just end my comments here? I want to stop at this stage.

Mr. Chairman: Is it the wish of the committee to continue debate on the opening statement

of the minister or does the committee want to proceed to a specific vote?

Mr. McClellan: I would not mind having a little back-and-forth with the minister. I do not know about Mr. Gordon, but I am curious to know whether the minister really thinks that private entrepreneurial developers are going to re-enter the affordable housing market and construct affordable rental accommodation, or does he agree with the quote that came via Mr. Gordon from Mr. Church, that the private sector will be building principally luxury accommodation for the luxury market.

What does the minister think? Is the private sector going to build affordable housing or luxury housing?

Hon. Mr. Curling: Where it is practicable, they will build affordable units. In other words, the private sector has to go into investments where it makes a return on investment. It will also be building luxury units. I am getting the impression at the moment from the private sector that it will build where it is practical.

Mr. McClellan: How is it going to do that? You understand the economics of the marketplace. We had a coalition of developers before the standing committee on administration of justice three years ago. They said the cheapest for which they could build a modest, bare-bones, one-bedroom apartment in Metro Toronto would be one to rent for \$800 a month. That is for stripped-down, no-frills, basic apartment units and they indicated the profitability for them was virtually nil.

I do not understand how you, as a spokesperson for the government, can simply express a belief in the goodness of heart of the business community or the housing business. You will have to do more than that to convince me and my colleagues that the private sector is going to do anything other than build luxury accommodation. Explain to me how they are going to build affordable housing.

Hon. Mr. Curling: I would not be able to explain to you exactly how it is and how much they will make. An advisory committee can say in detail how it sees that affordable units can be built. I would not be able to tell you now, but they are working out in those details how they can have affordable units.

Mr. McClellan: Who are "they"?

Hon. Mr. Curling: The rent review advisory committee.

Mr. McClellan: That answer is not good enough.

You are telling us that part of the core of your program is a stated belief that the private, entrepreneurial developers are going to come back into the housing market and build affordable housing. Either you or your officials have an obligation, as we deal with your estimates, to tell us how this is going to happen.

It is not good enough to say that some committee somewhere is going to come up with a magic formula. Somebody has to tell me. You cannot tell me, because it cannot happen. It is one or the other. Somebody must tell me, or else—maybe the deputy minister can tell me. He has been in the housing business for a long time. Will the deputy help me?

Mr. Cornell: I was going to say that this is a process that was part of a plan to put the tenants and landlords together, to work in this direction. The first major meeting of the tenants and landlords was held last Thursday. Perhaps Gardner Church can give us an update on that meeting.

Mr. Taylor: Mr. Chairman, on a point of clarification: There is some confusion in my mind. When we are talking about accommodation, are we talking about home ownership or rental units?

Mr. McClellan: Rental units.

Mr. Taylor: Are we talking about Toronto, Nananee, or—

Mr. McClellan: Just so I am clear, I am talking exclusively about affordable rental accommodation. I am not thinking only of Toronto. I am thinking of smaller communities such as Sudbury, Windsor, Essex and communities right across this province where there is a real affordability crisis.

Mr. Church: The rent review advisory committee has actually had two full meetings, as well as an organizational meeting and a number of subcommittee meetings.

On the issue of affordability and the role of the private sector, it is fairly clear to them, as it was to the minister and as it is in our housing policy, that the role of the private sector in unassisted participation in the housing market will be restricted, at least for the time being and as long as the economic conditions remain, to the kind of housing that Mr. McClellan has been talking about.

Mr. McClellan: Luxury housing.

Mr. Church: "Luxury" is a relative term.

Mr. McClellan: Expensive.

Mr. Church: "Expensive" is probably a better term.

Housing is an expensive commodity and there is not much question that you cannot put a rental unit on the market in Toronto without assistance for much under \$700 a month; some would suggest \$800. That is a fact; that is not an expression of opinion from the government. However, there is a substantial demand for rental units in that price range. This is something that our policy could not ignore.

In the past, it has unfortunately been occasionally necessary to assist in the creation of units, even for those middle-income and upper-income rental units. We believe that the policy now in place, which the advisory committee is working on, will make it possible for the private sector to provide those upper- and middle-income units without assistance from the government.

It is conceivable that we are wrong and it is something we are going to have to look at fairly carefully over the next little while. The advisory committee is looking at it.

On lower-income units, I think it is recognized, and the government has recognized, that this is principally an area in which continued government assistance is required. I think the advisory committee sees it that way as well.

12 noon

Mr. Reville: I want to follow along Mr. McClellan's line of thought but make it quite specific. I want to talk about a developer who is making a proposal under the Renterprise program. I understand the ministry has 5,000 units it might be prepared to allocate. If the minister will nod as I go along, I will know I am right. The trick is a second mortgage loan interest-free for 15 years. The developer suggests to the ministry how much that second mortgage loan should be so that it will work.

Can the minister tell me what the mechanism is to determine two things: (1) the target rent; and (2) the target renter group? Or are we going to be dealing only with, to get out of jargon, the \$800-a-month kind of units which clearly are not going to be available to most of the people who need housing in the city or in the province without a deep subsidy?

Hon. Mr. Curling: We are going into votes where these questions will be answered. If we see the presentation, much of this will become clear. Or we could start to answer them now.

Mr. Reville: I have not found that those kinds of presentations overwhelm me with clarity most of the time.

Mr. Cornell: You have never seen one of ours.

Mr. Reville: I have seen some of yours, Mr. Cornell. Although they were entertaining, I still was not much the wiser. That may be me, of course.

I thought my question was quite specific. Is your government prepared to put enough dough in to make those rents come down?

Hon. Mr. Curling: I think you are also asking what market or what tenants are we targeting. Some Renterprise program projects will be targeted to the higher end of the low income and some to the lower. It all depends on where the Renterprise program is applied. If you are going to ask how many people has it addressed and how much has it reduced, it depends on the area. That is why I said if you see the presentation, although it tends to entertain, it is very informative.

Mr. Reville: To follow that up, let us keep with Renterprise. Does the minister have some notion of whether there is going to be a regional allocation of the 5,000; so many for northern Ontario, for example?

Hon. Mr. Curling: Yes.

Mr. Reville: Will that be revealed in the presentation?

Hon. Mr. Curling: If it is asked for, we can give it.

Mr. Reville: But it is not going to be revealed in the presentation.

Mr. McClellan: Of course not; you have to ask for it all.

Mr. Reville: It is good that we ask these questions.

Hon. Mr. Curling: If we say, for instance, that 500 units would be for the north—

Mr. Reville: And there were no good proposals so it would not be done, right?

Hon. Mr. Curling: Yes. We could say all that and we can easily tell you what we intend to do with that allocation. I do not think there is any problem in telling you.

Mr. Reville: If we go to convert-a-rent, what makes the minister think \$7,000 a unit over 15 years will bring rents down low enough so anybody can afford them? Does the minister have any market information on that?

Hon. Mr. Curling: Yes, we have market information on that. Do you want that too?

Mr. Reville: We are talking about people who are not on a rent supplement program or on a deep subsidy.

Hon. Mr. Curling: Yes.

Mr. Reville: What kind of income group—\$40,000 a year family income, \$50,000—would be able to afford units that emerge from the convert-to-rent program?

Hon. Mr. Curling: Again, it varies from region to region.

Mr. Reville: In Metro?

Hon. Mr. Curling: I do not know the Metro figures.

Mr. Reville: Surely the minister has some notion of who the ministry is targeting.

Hon. Mr. Curling: Yes.

Mr. Reville: Do the officials know?

Mr. McClellan: The officials usually know. I have always found that if you redirect the question to someone like Mr. Church, he often has some interesting—

Mr. Reville: Mr. Pitura.

Mr. McClellan: Or Mr. Pitura.

Mr. Pitura: Mr. Chairman, my name is Len Pitura, assistant deputy minister, community housing. First things first: by coincidence, an ad will be appearing in the papers across the province today on Renterprise. I think Mr. Reville might have known that was happening, but I am not sure. In more than 30 municipalities we are asking those entrepreneurs interested in developing rental units in the province to come forward with proposals.

Second, we have purposely not stated anywhere what the specific assistance will be per unit because, if we did, all the requests would obviously come in at that level. We have dealt with developers in the past and some have told us, "We need \$26,000 and cannot build unless you give us the land for \$1." Lo and behold, they would come in eight months later at about \$15,000 or \$10,000 below that.

We have to take some of these things with a grain of salt. We do not know how much until we sit down with them and look at their figures. We have our own idea of what it will take and it is a question of bargaining with them. Bargaining is what it is, because if we left it up to them, I can assure you it would be double the amount needed.

Mr. McClellan: There is no maximum unit cost?

Mr. Pitura: From our experience, setting a maximum unit price has a tendency to force a disincentive for the affected builder. In other words, one builder can be more efficient than another, so we shied away from maximum unit price. We did that in the Canada-Ontario rental

supply program a year ago to get away from the criticism of the federal program by using an acronym, CRSP, Canada rental supply program, you referred to earlier.

Working with Canada Mortgage and Housing Corp. officials, we have established what we consider moderate rents in various communities below what we know the market to be. To say that sometimes gets you into a lot of trouble because the market does not necessarily stay fixed, it is dynamic. That is the area and we have addressed these unit sizes and costs by setting a target rent. That will be the basis on which we negotiate with these developers across the province.

Third, there is a production subsidy in order to get units built in the marketplace in the next year and a half or two years. As you have already stated, there will be very little private sector activity this year without some form of assistance. We have tried, if nothing else, to keep the situation from getting worse until other activities, such as those I have already mentioned through rent review, can take hold in a year or two.

The other point I want to make relates to the social component of the Renterprise program. We have requested that these proposals allow up to 40 per cent of the units to be dedicated—

Mr. Reville: Still on Renterprise, though?

Mr. Pitura: —on Renterprise, to rent supplement.

In summary, we have an overall production subsidy that will be negotiated with the entrepreneur. Second, there will be a rent supplement component to that program where the developer will be required to provide access to people on the housing authority waiting lists, in that respective area, for a rent supplement unit.

Mr. McClellan: Will it be required or requested?

Mr. Pitura: Required.

I say this because in some parts of the province we may not need 40 per cent, but that is the upper limit we are setting. We tried to target—

Mr. Reville: Before you go on, did you say how you decide to use the 40 per cent, whether or not you do the whole takeup? You said because of varying needs, but do you have some notions already about that?

12:10 p.m.

Mr. Pitura: This is hypothetical, but maybe there would be a great demand for four-bedroom units in one area and we have only one or two proponents coming forward to build and they do

not want to build four-bedroom units. So we have to make a decision. Do we go ahead with two-bedroom units and maybe satisfy only part of the need on our waiting list or do we have no project at all? That is a judgement call at that time. We have tried to orchestrate these proposal calls for two reasons: (1) the need for market; and (2) the need for rent supplement units.

Mr. Gordon: On a point of clarification, I take it that you are not going to be telling the people whom you want to develop these units what you are offering in your proposal, your initial call?

Mr. Pitura: That is right.

Mr. Gordon: Okay. Then they are going to come in and you are going to sit down with them and negotiate what kinds of subsidies would be involved. Is that correct?

Mr. Pitura: Correct.

Mr. Gordon: Therefore, a developer in Sudbury might get a larger subsidy than a developer in North Bay or in Windsor and so forth. There is not going to be a real criterion for it.

Mr. Pitura: No, because the costs and the competition differ from area to area.

Mr. Gordon: Depending upon where you are developing, one might receive generous subsidies and in other areas minimal subsidies. That is what I hear you saying.

Mr. Pitura: I would not like to use the word "generous." That is not our intent.

Mr. Gordon: To me there is an element of charade here. The charade is that in actual fact, (1) if you really did put in the paper what you were offering or what you thought you might like to offer, most people would not want to put in a proposal; and (2) that everybody would catch on that the private sector is not going to be in the development in the coming year unless the subsidies are way out of sight.

Why do you not admit that practically the only way we are going to get housing in the next few years is going to be by publicly financed government subsidy. The private sector has pretty well moved out.

Mr. Pitura: Well, just as an example, we have had informal inquiries from the development sector. Mr. Reville is aware of one.

Mr. Reville: I have had the developer in myself.

Mr. Pitura: We thank you and we are thinking of a new policy of paying commissions for bringing in proposals.

Mr. Reville: He found me.
Interjection.

Mr. Pitura: Finders fees, thank you.

Mr. Reville: That is why we want the project.

Mr. Pitura: We might be able to accommodate you if we do not get any calls elsewhere.

What I am about to say, Mr. Gordon, is that the proof of the pudding will be when we get the proposals in. From what we have heard and what we have been told, we probably should see a minimum of 2,500 units coming in, without question. They have already made decisions. Some of the builders have land and want to build.

Mr. McClellan: Just to clarify, you have an indication of 2,500.

Mr. Pitura: In the order of 2,500 units.

I put in that only one proviso: the proof of the pudding is when they address it in our proposal call today. In other words, I am mentioning this as an indication. Time will tell. With the announcement on December 16 and all the discussions and committee meetings that Mr. Church and the minister referred to, other factors have come into play which we hope will give the developers and entrepreneurs more confidence to come back and participate in Renterprise.

Mr. Chairman: We are still on vote 2601.

Mr. McGuigan: I hesitate to enter this fray because my background is rural. It is not from the building industry. I have had an idea in my head for some time and I thought I would try it on the committee. Perhaps it is one that the advisory committee might care to look at. It cannot be any worse than the situation that we now have because we would all admit, from all parties, that we need thousands more units.

I come at it from the fact that in the automotive industry, as an example, we can talk about luxury or we can talk about expenses. There is a willingness on the part of consumers to pay a big price for a big car, a car that has most of the luxuries that you want today. A car with most options, close to standard size, costs from \$18,000 to \$20,000.

If you want a real luxury car, such as a Mercedes-Benz, you are into the \$30,000-to-\$60,000 range; yet there are a lot of people buying cars that sell in the neighbourhood of \$6,000 to \$8,000. Those cars supply the demand for a car where the people do not have the income to buy, say, the \$18,000-to-\$20,000 one.

Those cheaper cars, if you look at them, are probably imports. They come from countries where there are cheaper materials and cheaper labour. The Hyundai comes in duty-free; special

arrangements have been made because it comes from a developing country.

We have a range of demands and supplies, and pretty well everyone gets the car he or she can afford. When we come to housing, we cannot import a house, so we are stuck with luxury costs regardless of the end use of that house.

One cannot build a decent rental unit here in Toronto for under about \$70,000 to 80,000. I see this as such a waste of talent and manpower, when we have all sorts of unemployed people in the building trades and unused capacities in our steel, cement, and other supply mills.

Why can we not have a deal with developers, with the government providing, in many cases, cheaper land than would be available in the free market? Why can we not have labour providing cheaper labour than it would for building a big office tower down here in Toronto or for building a luxury condominium? Just to throw out a figure, we might look at two thirds of the price. If they get \$20 or \$24 an hour to put up an office tower, why not put out a price of \$15 to \$16 an hour to work on affordable housing?

It could work the same way with steel, cement, lumber—items that go into this type of housing. Using up that unused capacity would not be adding to inflationary pressures simply because we have unused capacities.

It seems so eminently sensible to me. I guess it is one of those things that we tend to ignore because we say that it is impossible. You could not do this; you could not make those arrangements.

12:20 p.m.

Ladies and gentlemen, what we have today is impossible. We have people freezing to death on the streets of Toronto. It is almost impossible for the government to come up with billions of dollars to go in and do a job which we all agree needs to be done.

When we look at the interest rates we have to pay and project those interest rates over a period of time, the price of the building at today's interest rate doubles in seven or eight years.

I throw this out as an idea whose time has perhaps come. It can be taken to an advisory council to see if an idea can be worked out.

I tend to agree with Mr. McClellan when he says we have to come down to economics in spite of the fact that I am sure there are people out there who have a social conscience. At the end of the day, the books have to balance. I wonder whether some deal like that could not be worked out because we cannot continue to ignore those people.

I see them when I am walking back and forth to the Legislature at night. I see people sitting in bus stations. I look at them and wonder if they are going to be alive in the morning. It is amazing to me that they are alive. There are people standing in doorways and bus stations. It is something that many of us thought went on in other parts of the world. One might see it in New Delhi, India; Canton, China; or in Chicago in the United States; but one would never think it would be seen in Toronto. However, it is doggone well here.

I will leave that with the minister and his advisers. I would like to hear what people, especially from the New Democratic Party, might think of such a deal, as they generally speak for labour.

Mr. Chairman: Thank you, Mr. McGuigan. We can come back to them, if you like, but Mr. Mancini was next on the list.

Mr. Mancini: I have a couple of questions, which I would like to direct to Mr. Pitura if we can have him back. He seemed to have done such a good job earlier that I would like to have him back.

I want to talk a little about the Renterprise program and get in a few whacks myself. Did we financially support the Canada rental supply program, now defunct, which was operated by the government of Canada?

Mr. Pitura: No. CRSP was a federal initiative. They asked us to participate in the cost sharing of the rent supplement component. We were not very happy with it because they were suited to a more luxurious style of development. We rented some units in some parts of the province. We were not responsible for the initiation of the program or the implementation, only the social component.

Mr. Mancini: You helped find tenants.

Mr. Pitura: Yes, 50 per cent.

Mr. Mancini: Gotcha.

Mr. McClellan: It cost you \$11.6 million in the estimates.

Mr. Mancini: What did you spend the \$11.6 million on if you did not help?

Mr. Pitura: Let us assume a theoretical project of 100 units. Under CRSP, up to a third of those units, let us say 35, were available for rent supplement. If our housing authority could identify needy tenants for that type of project in that type of community, we agreed to cost-share the subsidy between what the tenant could afford to pay and the market rents the owner would

charge after the federal subsidy for production was taken off.

In other words, the federal dollars covered the supply or production subsidies. We had nothing to do with that. We did not design the program. The only area in which we were involved was the rent supplement component and it was very difficult for us in some areas.

I will give you an example. The Kingston Housing Authority did not like it because it found the units were too expensive for rent supplement. They were a more luxurious style.

Mr. Mancini: We had one project in Leamington that went forward with CRSP. I am not familiar with all the details because it was some time ago but it went forward. The building was fully rented and there was a problem between the portion of the building that was to be for rent-gear-to-income units, but eventually that was straightened out.

I raise that in order to inform Mr. Gordon that in some areas units were built under the Canada rental supply program—almost similar to the Ontario Renterprise program which we are using now—which I hope we can take advantage of to a great extent in Essex county, because I believe we are at zero vacancy. Do you have any figures which would dispute that?

Mr. Pitura: No. According to the census of metropolitan areas in Ontario, 10 large urban areas fall below one per cent.

Mr. Mancini: I am talking about Amherstburg, Harrow, Kingsville and Essex, small communities with a population of 10,000 or less. Leamington has 12,000. We have zero vacancies in small communities.

I understand that we have a majority of urban members in the Legislature. With the redistribution to come forward soon, rural Ontario will have even less of a voice in the Legislature. I want to make sure that the record shows and that the minister and the ministry staff are aware that in rural Ontario we are suffering zero vacancies for rental accommodations. There is no place for anybody to go.

There are several communities in the constituency I represent where—I do not know what is classified as luxury; I am not sure price and luxury go hand in hand any more—if you cannot afford very high rents, there is no place to go. If you leave Amherstburg, you cannot go to Harrow, because there is no place there either. With regard to this Renterprise program, what kind of takeup have you had in Essex county?

Mr. Pitura: I hope we will be able to answer that question better for you very soon.

Mr. Mancini: Have you had any phone calls or letters?

Mr. Pitura: The ads appear in the papers today. It will be appearing in the Windsor Star and a few other weeklies in that area.

Mr. Mancini: I was under the mistaken impression that there had been some previous contact.

Mr. Pitura: Our regional office in Windsor has had some contact with some people. As I mentioned to Mr. Gordon earlier, we have had these informal contacts, people trying to find out what we have in the offing and how the program will be structured. We have generally told people to wait for the proposal call in January.

Mr. Mancini: The other thing that bothers me somewhat is when we refer to housing costs in Toronto and we automatically assume that they are far greater than housing costs in other parts of Ontario. I do not think that is necessarily true.

In some cases, land might be more expensive in downtown Toronto, but it is not necessarily true that it costs more to build in Toronto than it does outside Toronto. We have province-wide bargaining in the construction trade. What one makes working in Harrow is exactly what one would make working in Willowdale or some other fine spot in this great city.

That leads me to my next question. I fear that you would be willing to give a greater subsidy to the Metro and city regions than you would to small communities. I am not saying you, personally, but there is a built-in bias to assume that in Amherstburg, for example, it would cost 30 per cent less than it would in Metro. If a builder, contractor or developer is not willing to meet that 30 per cent difference, then we will hold back the Renterprise program. I am saying that we cannot afford to hold back the Renterprise program.

What are your views on that?

12:30 p.m.

Mr. Pitura: Our experience under the Canada-Ontario rental supply program was that, generally speaking, with the exception of the Toronto area, we did get a variation in the amounts of upfront subsidy that developers needed in order to agree to go ahead with the project. They vary anywhere from \$2,500 in some parts of Ontario to just under \$15,000.

As I mentioned earlier in a response to Mr. Gordon, we have to depend on what the proposal call brings to us, how many are in the business of wanting to provide housing. Then we have to make a judgement in our recommendations to the

minister as to whether we go ahead based on a level of assistance which will perhaps be higher than we had anticipated because of the need for units.

Mr. Mancini: Where else in the province is there zero per cent vacancy?

Mr. Pitura: St. Catharines, Oshawa, Sudbury and Ottawa are in that category, most of the urban areas. The Canada census of metropolitan areas is used by Canada Mortgage and Housing Corp.

Mr. Chairman: A couple of people have indicated they want very short questions. I assume they are short, pointed questions.

Mr. Mancini: This is my first chance to speak all morning.

Mr. Chairman: You will have others.

Mr. McClellan: I am following up the subject Mr. Mancini opened. What Mr. Pitura said was really interesting. I would like some statistical information about the Canada rental supply program if it could be prepared. I am reluctant because the last time I got statistical information on the Yorkville program I was sued for \$3.6 million.

I will be more careful this time. I want to know the total number of CRSP units in Ontario; the distribution by city; the rent on a project basis, if you have the information; the number of rent-geared-to-income units we are purchasing with our \$11.6 million; and the average cost of those rent-geared-to-income units allocated in CRSP compared to rent-geared-to-income units in other programs.

Are they more expensive in CRSP than in the Ontario rental construction loan program, the municipal nonprofit or the co-operative program. I would like some comparative information. I am sure you know what I am trying to understand.

My concern is that the ORCL program was unsuccessful because the developers did not, or were not able to, take RGIs. The CRSP program, you have indicated, was unsatisfactory because the RGIs were too expensive, even though they were guaranteed. I am sceptical that the \$75 million allocated into the private rent through Renterprise will be, as I said in my leadoff, more money down the drain. You cannot buy the private sector back into the housing market because it is basically uneconomic. No matter how much money you pour down that drain, it is still uneconomic.

Mr. Gordon: Could we have the criteria and guidelines you will use to decide whether these people qualify and whether they qualify for an

additional subsidy? How will you determine this? I am not asking what the subsidy will be in Sudbury or Windsor. I want to know what factors will be taken into consideration and I want to know during these estimates. It is very important.

Mr. Chairman: We will stand adjourned until tomorrow at 8 p.m. Then the committee should decide whether it wants to continue with vote 2601 or move to vote 2604, which is the community housing program.

Interjection: Can we decide that now?

Mr. Chairman: That would be fine. I suppose it would aid the ministry officials.

Interjections.

Mr. Chairman: Do you want to move to vote 2604 at 8 p.m. tomorrow? It is up to the committee.

Mr. McClellan: I do not know what 2601 is.

Mr. Chairman: It is traditional to do 2601 first and complete it. Which do you want to do tomorrow night?

Mr. Gordon: I think we should do vote 2601.

Hon. Mr. Curling: We have vote 2604.

Mr. McClellan: I am more interested in discussing the community housing program, which is vote 2604. Let me suggest that we set vote 2601 aside. We can do vote 2604 tomorrow night, and when Mr. Gordon rejoins us, we can decide again whether we want to continue with vote 2604 or move on to vote 2601, so that does not shut him out.

Mr. Gordon: I appreciate Mr. McClellan's point. Perhaps a portion of vote 2604 will be left over.

Mr. Chairman: We do not know. We will begin tomorrow night at vote 2604.

The committee adjourned at 12:35 p.m.

CONTENTS

Wednesday, January 29, 1986

Opening statements: Mr. Curling	R-863
Mr. Gordon	R-863
Mr. McClellan	R-870
Adjournment	R-883

SPEAKERS IN THIS ISSUE

Curling, Hon. A., Minister of Housing (Scarborough North L)
 Gordon, J. K. (Sudbury PC)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mancini, R. (Essex South L)
 McClellan, R. A. (Bellwoods NDP)
 McGuigan, J. F. (Kent-Elgin L)
 Mitchell, R. C. (Carleton PC)
 Reville, D. (Riverdale NDP)
 South, L. (Frontenac-Addington L)
 Taylor, J. A. (Prince Edward-Lennox PC)

From the Ministry of Housing:

Church, G., Assistant Deputy Minister, Corporate Resources and Building Industry Development
 Cornell, W., Deputy Minister
 Pitura, L. F., Assistant Deputy Minister, Community Housing



No. R-37

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Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Housing

First Session, 33rd Parliament
Thursday, January 30, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, January 30, 1986

The committee met at 8:09 p.m. in room 228.

ESTIMATES, MINISTRY OF HOUSING (continued)

Mr. Chairman: The standing committee on resources development will come to order. Yesterday morning, we agreed that we would commence this evening with vote 2604, which is the community housing program vote. When we have completed vote 2604, and if we do so tonight, we will revert to vote 2601.

Mr. McClellan: Before we start, I had given a number of questions to Mr. Pitura, the assistant deputy minister. Are any of those answers ready yet on the Renterprise program?

Mr. Chairman: That was under vote 2601, under the leadoff. Is it the wish of the committee—

Mr. McClellan: I just wanted to receive the material if it is available. I did not want to discuss it, but if it is available, I would not mind.

Mr. Mancini: To clarify things, that was when I had the floor and Mr. McClellan cut me off. Then you adjourned the committee after that.

Mr. Chairman: That aside, was there some written information for Mr. McClellan that would expedite the process? If not, we will hold off.

Mr. Pitura: There is some coming.

Mr. McClellan: I wanted something in writing.

Mr. Pitura: It will be provided.

Mr. Chairman: It will be forthcoming. Okay?

Mr. McClellan: Yes, that is fine. Thank you.

Mr. Chairman: You are welcome.

Mr. McClellan: For the future, so that we are clear, when I ask questions for detailed statistics, I would be grateful if I could receive the material in writing rather than verbally.

Mr. Chairman: Okay.

8:10 p.m.

On vote 2604, community housing program:

Mr. Chairman: Okay. Can we proceed with vote 2604? The minister had a brief leadoff statement to make on this vote. Then my

understanding was that you wish to proceed to the visual part of the program.

Hon. Mr. Curling: I was going to answer some of the points that were raised, and then immediately get into the visual presentation.

Mr. Chairman: Go ahead.

Hon. Mr. Curling: I want to take a few minutes of the committee's time to respond to some points raised yesterday. The points I will be responding to tonight all relate to the community housing vote now before us, vote 2604.

In deference to Jim Gordon from Sudbury, who cannot be with us tonight, I will leave those issues related to rent review for vote 2601, since Mr. Gordon should be back at that time and rent review falls under that vote.

First, let me refer to comments made about the number of housing starts projected for the next five years, and to our ability to meet demand as well as our coming to grips with the shortfalls in previous years.

I would like to begin by reminding members that when we talk of housing and housing starts, there are two sides to the equation. One is the private ownership market; the other is the rental market. Each is vital to Ontario and in discussing need, number and long-range projections both must be considered.

Given our demographics, Ontario will need, on average, 64,000 housing starts annually during the next five years. This total relates to starts for ownership and for rental. In addition, to make up for the backlog we inherited, we will need to build an additional 5,000 units per year.

The great bulk of that number—roughly 51,000 annually—will be in the private ownership market. In 1986 we project upwards of 54,000 starts and, at a maximum, 52,000 starts in 1987.

To satisfy the remainder of our needs and to come to grips with the backlog that this government inherited, we are taking a number of important initiatives.

1. The nonprofit program will generate 6,700 units annually for at least the next three years.

2. The federal co-operative programs will create a further 1,900 per year.

3. Our convert-to-rent program, which provides modest-income rental housing particularly, and rental housing in small communities such as

those mentioned yesterday morning, will add 2,500, 2,800 and 1,200 units in 1986, 1987 and 1988 respectively.

4. Renterprise will add 3,000 units in 1986 and 2,000 units in 1987.

We know we will meet our targets in 1986. Through a revival of interest in rental housing in the private sector and through a variety of other initiatives by government, such as the use of government-owned lands, we will also meet our target of 69,000 units in 1987 and the years beyond.

Let me turn now to another element of supply, renovation and rehabilitation. A number of points were raised regarding our activities in this very important area. I do not want to get into a long discussion of numbers but would like to make the following points.

Under the ministry's conserve-a-unit pilot project, we undertook a survey to determine the magnitude of the need for repairs to rental stock. We found that upwards of 27 per cent of this stock is in need of some repair. Not all of the units need urgent attention. Our studies indicate that perhaps eight per cent of low-rise stock need major attention and perhaps up to four per cent of high-rise stock.

Because of age, relative affordability and small-scale nature of ownership, low-rise units are clearly our first priority. Our low-rise rehabilitation program will provide forgivable incentive loans for 17,000 units over the next four years. We will be monitoring takeup to ensure the program can be modified or extended, should this become necessary.

With regard to high-rise, our research indicates that the full magnitude and dimensions of repair and rehabilitation are not well understood. While current studies indicate that no more than four per cent fall into this category, this could change in the future.

For that reason, we have initiated a research and demonstration program to give all of us, in government and in the marketplace, a better appreciation of the problems and dynamics. We anticipate that as many as 1,500 units will be rehabilitated under this program, and we should get a better fix on costs and impacts to help us in charting future action.

Another issue mentioned yesterday was our new Renterprise program. Fundamentally, it is designed to help stimulate construction of 5,000 modest market rental units for families in selected areas of the province. The selected areas have low vacancy rates and demonstrated a need for rent-geared-to-income units.

The Renterprise program incorporates improved targeting and control features to meet program objectives better than the Canada-Ontario rental supply plan, the Ontario rental construction loan or the Canada rental supply plan.

Target rents and unit-size guidelines will also ensure delivery of modest family rental units, and we will also ensure that 40 per cent of the rental units be on a rent-geared-to-income basis. Under ORCL and CRSP, requirements were 20 per cent and 33 1/3 per cent respectively for rent-geared-to-income.

With regard to selection criteria within the 31 proposal call areas in the province, projects will be selected from a priority ranking list. In ranking the submissions received, the following will be considered: moderate size and design of the units offered and their suitability for families, estimated project costs, targeted rents, the amount of Renterprise assistance required, reasonable long-term operating costs, and the experience the developer has had in providing similar types of accommodation.

The next point that I wish to address is the status of the federal-provincial agreement. This main global agreement received approval of cabinet on January 8, 1986. However, there is one more agreement to be finalized. That is the operating agreement and schedules covering specific programs to be delivered by the province during 1986. What I am referring to are the targeted nonprofit and rent supplement programs.

On Tuesday, January 28, officials of my ministry met with Canada Mortgage and Housing Corp. staff in Ottawa and resolved many outstanding issues. There are still some small technical details to be worked out and further meetings are scheduled for tomorrow.

I will be presenting to my cabinet colleagues a final package for approval within a month.

In that same vein, I have been asked about the recent announcement of the 6,700 units for nonprofit and co-op housing for Ontario this year. Here is the situation. We are going to build 6,700 units. Of those, the federal government will fund 3,223 units. That leaves 3,477 units to be funded by Ontario.

Mr. McClellan: In which fiscal year is this?

Mr. Cornell: It is 1985-86, from January 1 to December 31; the calendar year.

Mr. Pitura: Yes, calendar 1986.

Hon. Mr. Curling: Multiplying that latter number by three means that the province will fund 10,431 units over the next three years.

Again, this is above the federal funding levels, assuming no change in federal allocations.

There has been much discussion about our announcement. To clarify this matter with the use of a visual aid, Fred Peters from the community housing wing of the ministry has a presentation that outlines what is happening in the co-op and nonprofit area.

I hope that answers most of your questions.

8:20 p.m.

Mr. McClellan: You did not answer my questions. It was very helpful, but I still have my questions outstanding with respect to the \$11-million rent-geared-to-income units that are appropriated to the Canada-Ontario rental supply program.

Mr. Chairman: Do you wish to proceed?

Mr. McClellan: After the slide presentation, could the ministry arrange to have copies of the audio-visual items distributed to members of the committee at a convenient time so we have the data?

Hon. Mr. Curling: Do we have copies?

Mr. Chairman: That is being done.

Mr. Pierce: Am I to assume the questions that have been asked by Mr. McClellan, who will now get his answers in writing, will be available for all members of the committee?

Mr. Chairman: I would assume that.

Mr. McClellan: That is my assumption. That is the normal procedure.

Mr. Chairman: That is a safe assumption. Are there any other questions?

Mr. South: You are not in the accord but—

Mr. Pierce: I will get the answer anyway.

Interjections.

Mr. Pierce: I was not invited to go into the accord either.

Mr. Chairman: Are there any other questions?

Mr. Mancini: You tried to invite the other guys and they would not have you.

Mr. Chairman: Are there any other questions or snide comments before we proceed to the visual presentation? I suggest we roll the projector before we get into further debate.

Mr. McClellan: Are you inviting questions?

Hon. Mr. Curling: After the slide show.

Mr. Peters: What I will be doing during this presentation is outlining the main elements of the 1986 nonprofit housing program in Ontario. During the presentation we will touch on the

principal elements of the program and, towards the latter part, present material in an attempt to answer specific questions that were raised yesterday with respect to the funding formula.

The nonprofit program will be the major vehicle for the delivery of social housing in Ontario. It is a federal-provincial program with cost-sharing limited to households in core housing need. Should there be households in the projects that do not fall within the core need, those subsidy costs will be borne fully and solely by the province.

For our purposes, and this definition is consistent across the country, the core-need households are those unable to afford average market rents in their communities without having to pay more than 30 per cent of their incomes in rental or shelter costs.

When this program was designed, the specific goals were to improve the amount of assistance available under social housing programs to households in need or core need, and, at the same time, provide access and a supply of housing for those households most in need. Assuming both those objectives were satisfied, it was also to allow the local producing agencies as much flexibility as possible to encourage their participation and some recognition of local requirements.

The program is available to municipal nonprofit corporations, private nonprofit corporations and co-operative nonprofit corporations. The units constructed by those nonprofit corporations are available for families with dependent children, senior citizens and individuals living independently who are psychiatrically, physically or developmentally handicapped.

The program recognizes there are groups in communities that have unique and/or special housing needs. That has been defined in the past as requiring some degree of support care, usually broadly defined. Normally in the past it has involved support money being provided by one of our sister ministries, either the Ministry of Community and Social Services or the Ministry of Health. In this program, we are also beginning to address the issue of low-income singles on a demonstration basis.

One of the key features of this program, which reflects a consensus of housing ministers across the country, is that it focuses on a targeting concept. As I said earlier, targeting requires, to the greatest possible extent, the housing assistance available under social housing programs being directed to households in core need. In our

review, though, we must also guarantee access to those individuals most in need.

Under the program, a minimum of 40 per cent of the units must be made available for the very deep subsidy or, conversely, the very low income earner. The balance of the project in this case, and I assume in most cases, 60 per cent, is available to be used at the discretion of the local housing agency. In that way we attempt to allow the municipality, the private nonprofit corporation or the co-operative to meet what it perceives and can demonstrate to be the needs in its community or constituent membership.

As I said earlier, this broader income integration allows flexibility to satisfy community needs and generate community acceptance and it recognizes in some cases there are differences among the sectors in respect to their interest in participating in the social housing program.

With regard to financial assistance, the capital required to construct the units is private capital, fully insured under the National Housing Act. To assist groups to develop projects, development loans and grants are available. These cover such areas as incorporation, feasibility studies, site feasibility examinations and so on.

There are two types of subsidies potentially involved. The first reduces the economic rent to a market rent. Later in the presentation we will discuss that in terms of its being called a bridge subsidy or a production-side subsidy. The other subsidies are available on a rent-g geared-to-income basis.

We spent considerable time in program design meeting with groups to discuss the elements of the program. Much of our concern was expressed and discussed in respect to the allocation process. We feel the process must be fair and allow for an equitable distribution of the units across the province. In the same breath, both the federal and provincial governments are concerned that projects that best meet the objectives of the program receive some functional priority for the award of allocation.

8:30 p.m.

Simply stated, if a key element of the program is to provide housing to households in core need, obviously the penetration of the number of households in core need housed by the particular agency will relate to whether or not it gets an allocation.

The other factors associated with the decision on allocation relate to the need for such a project in that community, again the targeting, and whether or not there is social housing in that immediate area. It certainly relates a bit to

design, which impacts directly on the price, the location and whether the management capability of the group is sufficient to manage the project once it is constructed.

We want to produce modest housing under the program. We have had extensive consultations with the producers and talked at great length about the technical guidelines to apply to the housing. There will be capital cost guidelines or per-unit cost guidelines. They are known as the maximum unit prices, which are established in partnership with Canada Mortgage and Housing Corp. and set the upper limit for that particular unit type, by location.

The product can be constructed as new construction; it can be acquired and rehabilitated. We are now looking at proposals for nontraditional housing forms coming forward from groups in the community who want to move into areas of home sharing. We are looking at some creative and innovative proposals on a small scale. We are rather excited about those activities.

We will now talk about this bridge subsidy-principle. These comments, while continuing the explanation of the program, will also attempt to resolve some of the specific concerns expressed yesterday by the committee.

A bridge subsidy, or a production subsidy, is required to reduce the economic or break-even cost of that unit to what is called the "market rent." It is our view that if there is a market component in the program, rents would not fall below market, except in two unique cases: one where the tenant is paying rent based on income and the other in cases where efficiency in terms of the producer's ability to control operating costs results in lower operating costs and consequently will not have a direct upward pressure on rents.

We have tried to build that incentive for efficiency into the financing formula. We do not like to consider the subsidies completely open-ended because if they are, there really is little incentive for those efficiencies that are there to be realized in the property management field. The rents, after initially being established, relate directly to the ongoing costs of that product. The subsidy provided is indexed to inflation and the market rent.

I am going to spend a bit longer on this next slide. What it does is to outline the interplay between rent adjustments and operating costs. We will follow that with a number of examples showing a typical product cost, a particular debt service and the impact on rents.

As I said earlier, the real cost of operation of a rental apartment really comprises two parts: the debt service, which is the amortization, and the operating costs. In most situations the amortization remains relatively constant, at least for five years, and the subsidies required, therefore, relate to the rent levels achieved and increases in operating costs.

In this particular formula, the model allows for rents increasing at four per cent if operating cost increases rise with the rate of inflation. As you can see, in subsequent years the rent level goes up by that additional four per cent, again assuming operating costs rise with inflation.

In the example before you, these reflect actual costs on an average basis in the existing portfolio across Ontario. The average capital cost per unit is \$60,000 and the average interest rate is 11.75 per cent, which results in a debt service or an amortization payment of \$600 a month. The operating cost is \$300. To break even, one would have to generate a rent for that average of \$900. In this example the market rent is \$500. The difference of \$400 is the bridge subsidy.

This next slide shows the operation and the impacts on the rent structure over a period of time. For the first five-year period the debt service remains constant because most probably the mortgage is fixed for that five-year period. What determines the subsidy is the difference between the operating cost increases and the rent.

I believe it is a fundamental principle that the subsidy is needed in the early life of a project. Over a period of time the requirement for that subsidy begins to withdraw on market rent units. In year two, for example, the operating costs of that project have risen by four per cent. They have gone from \$300 to \$312. The rent has also gone up by four per cent. Consequently, you can reduce the subsidy, or step it out, by the difference between \$400 a month and \$392 a month.

I would hasten to add, though, that these calculations apply only to that portion of the product or percentage of the units leased at market rent. They do not apply nor would they be relevant for a person who is in one of those units and has his rent set on a rent-geared-to-income basis.

8:40 p.m.

By definition, if you are occupying a market-rent unit you are not income-tested. The rationale is if you are not income-tested and, consequently, have not demonstrated a need for deep rent-geared-to-income assistance, or for that matter a shallow subsidy, you should be treated

no differently, positively or negatively, than any other consumer in the market. If you are living in a market-rent unit, and there are other forms of legislation, you will be treated no better or worse than any other consumer in the marketplace living in a market-rent unit.

This next slide points out the fundamental difference between the 1986 nonprofit program and the funding arrangements available until last year under the federally led co-operative housing program. In this example, we have used the same figures as in earlier examples. In other words, a full cost of \$900 per month, a rent of \$500 a month, a bridge subsidy of \$400 and the same operating costs. In that model, if the rent is \$500 a month in year one and operating costs are \$300, then what is called the reduced principal and interest is \$200.

Under that model there is absolutely no change in that \$200 figure until the beginning of the fourth year of operation. The only increases that apply relate solely and directly to operating costs. At year four, that reduced principal and interest starts to increase by five per cent. Again, this formula would apply to units leased not on a rent-geared-to-income basis but to a market rent or a housing charge rent, the phrase commonly used in the housing co-op sector.

There is no mistake. The proposals and formula that were developed and presented to you are a change. It is our belief that market rent should go up as does the rest of the market and if you are not income-tested, you should not enjoy an additional subsidy when your need for that subsidy has not been demonstrated.

This slide shows the 6,700 units and the federal allocation of 3,223 units. I would draw your attention to "rent supplement, co-op." The federal government is, as was mentioned, sponsoring a co-operative housing program at the national level that is not considered by the federal government to be properly under the social housing program.

It is experimental to the extent that it is financed by a price-level-adjusted mortgage or an index-linked mortgage. Under that financing vehicle, one contracts with a lender for the real interest rate. That would be approximately 4.5 per cent. The outstanding principal balance is indexed to the rate of inflation. The experimental nature of the program arises from the fact that if there is a certain volatility in inflation, you will find very quickly that the accumulated debt on the property far exceeds its value. That has a tendency, understandably, to make mortgage underwriters a bit nervous.

With the federal program, the index-linked mortgage and the limited-production subsidies available, there is no capacity to provide rent-geared-to-income housing. The index-linked mortgage and the production subsidy will simply equate to a bridge subsidy.

We have therefore reserved 600 units so that groups receiving an allocation from the federal government under its co-op program can achieve some degree of income integration and can house those in core need. The allocation in Ontario will be approximately—it is difficult at this point to give a hard number—our information suggests around 1,900 units.

Mr. McClellan: Above the three—

Mr. Peters: Yes.

This slide presents the statements made by the minister in his opening remarks, showing the federal level of allocation, the commitment made by the provincial government and the number of units to be built, again assuming the same level of federal allocation during that three-year period. The cost of those 6,700 units per year in total dollars is \$47.9 million. The provincial share is \$25.3 million, or 53 per cent of the total costs of the social housing program.

The slide now before you shows the actual cash flow of those commitments. Because these commitments relate to the subsidy dollars and not to the actual capital costs of the project, you begin to flow the subsidy dollars when the unit is occupied. However, when those 6,700 units are occupied, the cost flowed out to sustain them is \$25.3 million per year, and that can only increase, as does inflation, over time. That is a net addition to the current level of expenditures in the social housing program. It is not a one-time cost; it is a net addition to the base expenditure that increases over time.

8:50 p.m.

In cumulative terms over the five-year period, the slide shows the actual cash flows out. You will notice, for example, that in 1988-89 the full burden of the 6,700 units is shown. You are beginning to pick up some costs for part of it, and then you are beginning to pick up a half-year cost and so on. However, after all units are built and occupied, the cost, as I said earlier, is that \$218.6 million in net additional expenditures.

I have no further comments, Mr. Chairman. Thank you very much.

Mr. Chairman: Thank you, Mr. Peters. A number of members have indicated an interest in some questions.

Mr. D. W. Smith: Is the full title of the program, "the 1986 nonprofit housing program"? Is this what we would refer to if we were calling up the office or requesting information?

Mr. Peters: Yes.

Mr. D. W. Smith: This is the full title, then. My other question was answered in the slide. Is it correct that none of this money will be available before April 1, 1986?

Mr. Peters: With respect to subsidy dollars, we have funds for fiscal 1985-86 available for development funding. There is no requirement for the subsidy dollars until the unit has been built and occupied. What is available is development funding so groups can begin to plan to build a project. There is provision in the 1985-86 budget for development funds.

Mr. D. W. Smith: This is an example I want to read into the record, and you will explain whether these people would be eligible. I have had constituents ask me whether the government had a program for someone who wanted to buy an older house, then rehabilitate it, restore it—whatever he had to do—and make it available for 10 to 12 senior citizens who were capable of looking after themselves a bit—not totally, but they could do a little work around the house, possibly the outside. Would something such as this fall under this program?

Mr. Peters: The program would not automatically preclude it. We would have to sit down with the senior citizens or the sponsoring group and decide exactly what they wanted to do and see whether we could assist them under the program. The program does allow for acquisition and rehabilitation. We are more interested, though, in providing self-contained units, although we are working closely with some groups who want to move away from entirely self-contained or provide a mixture. We are certainly prepared to sit down and look at it.

In some situations that is the most appropriate response to make. What we try to do under the program is to leave the flexibility there, so if something that comes down the tube is innovative and cost-effective, we can do it. Without trying to sound evasive for the moment, we would have to sit down with the group, plan it out and then try to get it going on that basis.

Hon. Mr. Curling: It might fit under the convert-to-rent program.

Mr. D. W. Smith: The convert-to-rent program is not Renterprise, though. We have so many programs here I cannot—

Mr. Peters: No.

Mr. D. W. Smith: Okay. That answers fairly well what I wanted to know.

Mr. South: I did not understand the term "market rent." What is the market rent?

Mr. Peters: In absolute terms, it is the rent you are prepared to pay for that accommodation in a local community.

Mr. South: Without this new one having been built? Here you are building a unit whose full cost should be \$900 a month to rent. Is the market rent the rent that exists before that unit is put on the market, essentially?

Mr. Peters: No. What is done to establish that initial market rent is that you try to identify within that community and same general area a comparable building. If that, for example, were being leased for \$600 a month per unit, and if there were no significant differences in size, amenities or quality of finish, you would probably find that the rent in the new unit would be \$600. That would be perceived as an appropriate market rent in that community in that area. Market rents vary by location and community. In this example, the market rent is specific to a project.

Mr. South: Right.

Mr. Peters: If you put a product right downtown, the market rent might be \$800. Farther away it might be \$700, and farther away still it might be \$600.

Mr. South: Just one more—

Mr. Chairman: A very short one, because the rules require that we adjourn during a quorum.

Mr. South: You have now calculated that a subsidy of \$400 has been approved. To whom does that subsidy go?

Mr. Peters: It goes to the municipal nonprofit, the private nonprofit or the housing co-op that has to pay the bills each month.

Mr. Chairman: Thank you. We will adjourn for about four or five minutes until the quorum call is completed, and then we will start again.

The committee recessed at 8:56 p.m.

9:03 p.m.

Mr. Chairman: The committee will reconvene.

Mr. McClellan: That is great. I have lost my notes. Mr. Pitura stole my notes. No, he did not steal my notes.

If we can go back for a minute to the number of units allocated, we have it in front of us.

Interjection: What page is that?

Mr. McClellan: They are unnumbered pages. I am still confused.

Number of units, federal allocation, 3,223; provincial allocation, with "40 per cent" in parentheses, 2,149, for a total of 5,372. What is the reference to 40 per cent?

Mr. Peters: The 40 per cent represents the agreed-to cost-sharing arrangements on units directed towards core need. Historically in Ontario the housing programs have been cost-shared on a 50-50 basis. In 1978, with the revised nonprofit programs developed by the federal government, there was a movement away from that 50-50 cost-sharing arrangement.

The position that was tabled during the negotiation process was that Ontario was prepared to cost-share the total costs of the social housing program on a 50-50 basis. However, the federal government was not prepared to become involved in or to continue its involvement in production subsidies. In other words, whatever money it was to make available would be limited to households in core need. To achieve close to a 50-50 cost sharing, we then reduced to 40 per cent the cost sharing on the targeted units and, as I said earlier, Ontario pays 100 per cent subsidies, if you will, on those units that are leased at market rent or to households beyond core need.

Perhaps I should point out as one small item of clarification that there are households that will be a bit beyond core need in respect to income but that perhaps cannot afford the full market rent. Canada Mortgage and Housing Corp. is not prepared under the current formula to cost-share that. When you add both of those together, as I said and as one of the slides points out, the net effect is that Ontario pays 53 per cent of the costs for the social housing program, including core-need units and noncore.

Mr. McClellan: That 53 per cent gets shown in dollar figures two pages over, where the subsidy includes the provincial share for bridge subsidy plus the provincial share for rent-gear-to-income units.

Mr. Peters: Yes.

Mr. McClellan: I asked this question and, I apologize, I cannot remember what you said. The 1,900 units in the federal co-op program that are the indexed mortgage experiment are not part of the 3,223 units shown in the federal allocation.

Mr. Peters: No, they are not.

Mr. McClellan: Are they additional to the 6,700 shown here?

Mr. Peters: Yes, they are.

Mr. McClellan: They are outside the federal-provincial agreement, so 1,900 units will be coming into Ontario for the co-op program, plus roughly another 1,000 units out of the Ontario allocation, for a total of 2,900 over what time? Is it calendar 1986?

Mr. Peters: Yes.

Mr. McClellan: It is all starting to become clear.

Is there a commitment, as I understand there is, to extend the guaranteed allocation of approximately one third of the units out of the provincial share of the pie? Is there a commitment to maintain the allocation of roughly 1,000 units per year to the co-operative movement?

9:10 p.m.

Mr. Peters: At this point, in the formal communication to the co-operative sector, the exact wording is that there will be 1,000 units during calendar 1986. The co-operative sector has traditionally built family housing. In functional terms, then, the goals are quite compatible with the intent of the program.

One of the unique elements of the co-op housing program is the concept of member participation, with the strongly held value that because members participate in maintenance activities, for example, their rents will be kept at a lower rate than if the activities had been contracted for or purchased on the outside.

To maintain that, it is a fairly basic principle that no more than 50 per cent of the units in a co-op be income tested. The argument is that if more than 50 per cent of the rents are fully subsidized, there will be a loss of incentive to pay attention to operating costs. That has been an issue between us and the co-op housing sector. In considering that and, for example, referencing other projects where 100 per cent of the units would be targeted to households in core need, if that is the intent of the program, it has caused some difficulties.

Mr. McClellan: I think you said no. I will red-flag that for the minister. The expectation is that the provincial assured housing program provide a fair share of allocation to the co-operative housing movement both now and in the future. The co-operative housing movement has demonstrated during the last 10 years or longer—really since 1973—that it is an integral, successful, efficient and effective part of this province's housing industry and housing supply industry.

We expect Ontario will continue to make its contribution to the healthy development of a

flourishing co-operative housing movement. That is certainly our very strong expectation and anticipation. I will not belabour the point right now, because 1986 is looked after, but we are not prepared to come back next year in a state of crisis, with the nonprofit development groups facing a crisis of allocation by not getting their fair share in future years. We simply expect that this fair-share road will be maintained.

I will ask one more question and then I will allow other members.

I am intrigued by the change to a 100 per cent subsidy. Mr. Peters, perhaps you could elaborate a little bit on that. I know that in the past the ministry has always been opposed to the kind of concentration of low-income families that led to problems within the Ontario Housing Corp.'s model, and since 1974 attempts have been made to develop mixed communities—communities that more accurately reflect the diversity of economic groups within our society—rather than try to ghettoize low-income people. Are we moving back to a kind of ghettoization?

Mr. Peters: Under the program before you, in major market areas the income integration allows for incomes from as high as \$29,000 right down to zero. This program is specifically designed to allow the municipal nonprofit corporations, the privates or the co-ops to house those families or senior citizens—in this example, families with incomes around \$21,000—who, although they have a housing need and require some assistance, would not be housed within the existing public housing portfolio simply because someone else has a greater degree of need.

It addresses that broad range of moderate-income earners who require some degree of assistance. The subsidies provided will obviously be less expensive for that group than subsidies for those with an income of \$8,000. If the question is, will everyone in the project be making less than \$8,000 a year or be in receipt of provincial family benefits allowances, the answer would be no.

Mr. McClellan: What is the ratio of deep subsidy and shallow subsidy in the 100 per cent units?

Mr. Peters: There is a 40 per cent minimum deep subsidy requirement. You could have the balance, 60 per cent, at shallow if you wanted to. You could have 40 per cent at shallow and 20 per cent at market. It was designed that way to allow the local municipality to come forward and, in some cases, depending on the product location, say it wants a project 100 per cent deep rent geared to income. It has to make that decision

and come forward with a proposal. It knows that the program is directed to families with households in core need.

Mr. Pierce: I have just a couple of observations. In your presentation of the delivery agents you make reference to municipal nonprofit, private nonprofit, co-operative nonprofit and corporations. Following along the minister's comments, I wonder where there is room left for the private developer. That is more of an observation. As well, the major client groups are families with dependent children, senior citizens and those who are independent physically, developmentally and psychiatrically handicapped.

More specifically, to go to product and cost controls, which are continued from the first flip-over, you are looking at nontraditional housing forms. Can you elaborate on that? You did make some comments on it, but I wonder whether you are referring to mobile homes, modular homes and that type of thing.

Mr. Peters: Not in this example, no.

Mr. Pierce: Can you give me some more specific nontraditional housing units that you are referring to?

Mr. Peters: I will certainly attempt to do so.

Mr. Pierce: What is tradition?

Mr. Peters: In our example, usually self-contained apartments. We have been talking to some individuals who are saying: "In this section of my community we would like to see the purchase and renovation of a large existing home. Is there anything beneficial about having a family—or a single-parent family, for that matter—share with a senior citizen and have private quarters for sleeping and personal hygiene, but having the balance as a common living area?" In that context it would be a nontraditional housing form.

Mr. Pierce: The other one I wanted to ask you about is the number of units. The federal allocation of 3,223 units is projected for five years. Is there a federal guarantee of those units for the next five years?

Mr. Peters: No. There is—

Mr. Pierce: We are basing a formula on these figures. What happens if there is a shortfall in the federal program? Maybe I should not be asking you that question; maybe I should be asking the minister.

9:20 p.m.

Hon. Mr. Curling: Are you asking whether we are going to make up for the shortfall? We

have a commitment to produce 10,000 units in three years, and I will go back to cabinet and my colleagues and look for more money.

Mr. Ramsay: That was easy.

Mr. Pierce: Based on this formula, you are guaranteeing 600 to 700 units, and if there is a shortfall from the federal government, you will pick it up. It is no problem.

Hon. Mr. Curling: I did not say I would pick it up; I told you I would go back to cabinet. I am sure your colleagues in the federal government would not renege on their commitments to social housing.

Mr. Pierce: They did not make a commitment. In your statement you said you understood—

Hon. Mr. Curling: I made a commitment for 10,000. We will deliver those.

Mr. Pierce: All right. You are guaranteeing 10,000 units.

Hon. Mr. Curling: Right, regardless of the federal allocation.

Mr. Chairman: Thank you, Mr. Pierce. When we come back after the quorum call, we will go to Mr. Guindon. We will adjourn for five minutes.

The committee recessed at 9:21 p.m.

9:27 p.m.

Mr. Chairman: We shall reconvene. Mr. Guindon, you were next on the list.

Mr. Guindon: Regarding the rent-gear-to-income allocation, what is the difference in allocation between the program this year and the previous program?

Hon. Mr. Curling: It is the sharing-component part of it.

Mr. Guindon: What is the difference? Is it better, the same or worse?

Hon. Mr. Curling: Of course it is better, as you know, because we are handling it. Last year the sharing component was 90 per cent, was it not?

Mr. Cornell: It was nine to 10.

Hon. Mr. Curling: Nine to 10? This year the provincial contribution is 40 per cent and the federal contribution is 60 per cent. That is the difference.

Mr. Guindon: Maybe I did not explain myself well. Is the allocation you will be giving to the housing authority for rent geared to income for people with a low income an improvement or is it the same as it was in the previous program?

Hon. Mr. Curling: In previous years the federal government handled the private nonprofit housing. Does that answer your question?

Mr. Guindon: No, I am not talking about private nonprofit housing. I am speaking strictly of your allocation to the housing authorities across the province for rent-geared-to-income housing.

Hon. Mr. Curling: We are targeting better this year for rent-geared-to-income. We are offering 10,000 units this year. You asked me what the difference was.

Mr. Guindon: Percentage-wise. Is it 10, 20, 40 or 50 per cent?

Hon. Mr. Curling: I do not understand what you are asking. Is it 10 per cent—

Mr. Guindon: If I have a convert-to-rent program in my community and I have 100 units, how many of those units are you prepared to subsidize for rent-geared-to-income?

Hon. Mr. Curling: Let me explain this to you. The allocation goes to municipal nonprofit, to private nonprofit and then to the co-ops. In social housing we are putting in about 3,477 units. I hope that helps you.

Mr. Guindon: There must be something I am not understanding. In the convert-to-rent program your ministry allocates so many units to each housing authority.

Hon. Mr. Curling: Do you want to know how many go to each area?

Mr. Guindon: Yes. I gave you an example of 100 units. A contractor renovates 100 units in a convert-to-rent program. How many does the ministry allocate or target to the housing corporation as rent-geared-to-income for low-income people?

Hon. Mr. Curling: Mr. Peters, do you want to answer that?

Mr. Peters: There will be up to a third in the rent-geared-to-income program. In terms of the number of units that would be available for local housing authorities, it is a fundamental principle in this program, if we go back for a moment to the 40 per cent of the units which are for the deep rent-geared-to-income, that half of those units must be made available to the local housing authority.

Since the number of units built this year is approximately three times the number built last year, the amount available for local housing authorities, even in a nonprofit program, is substantially increased. If we have a 100-unit project and if 40 per cent of that project is deep

rent-geared-to-income, the local housing authority has the right by agreement to refer half of that 40 per cent.

The total number of units available is 6,700, so if one looks at the percentage, some producers have gone to the local housing authority and have said: "Fine. We will take the full 40 per cent from the waiting list of the local housing authority."

The principle that any group must follow, whether it is municipal, private or co-operative, is that the individuals they house, if they exercise their right to house half of that 40 per cent, must have the same relative degree of need. It is not as if the group is not housing people at the same level of need as the local housing authority.

Two things impact directly on the number of units available to local housing authorities to satisfy the demands of their waiting lists. One is the increased number of units produced; the other is the 40 per cent against that total.

As I said earlier, a lot of groups have gone to the local housing authority and said: "You have the waiting list for the deep rent-geared-to-income requirement. We are prepared to have the full 40 per cent referred from the local housing authority." As is allowed under the program, other groups have selected another option.

However, there is a substantial increase in the number of units that were available in past years, because obviously the production level has significantly increased in municipal, private and co-operative housing.

Mr. Guindon: Has the dollar allocation for the rent-geared-to-income units been increased this year under this program?

Mr. Peters: In terms of provincial funding?

Mr. Guindon: Yes.

Mr. Peters: Yes, by \$218 million over that five-year period, or that \$25-million provincial share. In terms of servicing or providing subsidies to households in core need, if you look at the existing 56(1) program, the split in that program was approximately 90 per cent federal and 10 per cent provincial. Under this program, the ratio is 53 per cent provincial to 47 per cent federal.

Mr. Guindon: When you say "federal," does the federal government send its allocations to your ministry, or does it pay the municipality directly?

Mr. Peters: No. Under this program, the Ontario Housing Corp. will flow the money to the groups and claim back the federal share from Canada Mortgage and Housing Corp. That has been a consistent method of operation in subsidy

payment and claim. Once a month each group will get a cheque representing against its budget the dollars required to stay in a current financial position, and we will send that cheque to them once a month. That will be subject to a year-end reconciliation, an audited financial statement and refunds, or whatever is appropriate given the circumstances.

Mr. Guindon: In reality, what you are saying is that you allocate approximately 40 per cent—I am using a convert-to-rent program, because I understand it a little bit more than your Renter-prise or co-op—or that you could allocate up to 40 per cent of those units for RGI?

Mr. Peters: Up to 30 per cent in the convert-to-rent program.

Mr. Guindon: Have you the funds to match that?

Mr. Peters: Do we have the funds to provide the rent-geared-to-income assistance on convert-to-rent? Yes, we do.

Mr. Guindon: I am from Cornwall. There is a problem there, as almost every member in this House knows. In our area, let us say it was 25 per cent in the last program. Our housing authority claims it cannot get more than 12 per cent or 18 per cent from the government to allocate for rent-geared-to-income. This means that if I want to convert a warehouse, I get the subsidies. If the ministry does not allocate the funds to the housing authority, I can go out in the free market and fill those apartments up and I do not have to accept anybody on RGI after they are full.

Mr. Peters: You are quite correct. That has been a problem in the past for two reasons. The funding arrangements with the federal government were such that if the province issued a commitment for a rent supplement unit under the convert-to-rent program, for example, those units were highly controlled in numbers. They were usually identified in the allocation agreement. If that unit became vacant, the commitment on the rent supplement lapsed—in other words, it was no longer available.

Under the new program we have been negotiating, as soon as that unit is committed, we have it for 35 years. What that really means is that when we get additional allocation, we do not have to use that to cover units lost during the past year. We can look forward to an expansion of the number of units available for the rent supplement program as they become known to us in any community.

Mr. Guindon: When is this program in force?

Mr. Peters: In practice, as soon as the agreements are fully signed between the levels of government. I believe the minister addressed that in his remarks on the required approvals.

Mr. Guindon: When is that expected?

Hon. Mr. Curling: I expect to sign the agreement within a month.

9:40 p.m.

Mr. Guindon: Around Christmas, my housing authority was authorized at one point to go out and find five homes for tenants. After they found four, they informed your ministry they would have the five without any problem. They went out and got them. A couple of days later they were told it was no go because they did not have the allocation. Are we still going to have to put up with that?

Hon. Mr. Curling: As soon we sign the operational agreement—I have been speaking to Bill McKnight, and within a month we will have that. I do not think you will have to put up with it afterwards.

Mr. Guindon: Okay. I am still not satisfied with all the answers, because I do not feel that I am the one who does not quite fully understand. I feel there is neglect. I do not feel there is going to be much of a change from the old policy to the new policy in RGIs. I am not talking about free markets; the free market takes care of itself.

Mr. McClellan: There are two other concerns I wanted to raise on the presentation. Is there going to be a maximum unit price in your nonprofit housing program, as there is in the 56(1) programs? If there is, how is that going to be administered?

Mr. Peters: There will be a maximum unit price. It will be established in conjunction with the regional office of Canada Mortgage and Housing Corp. and it is currently being adjusted to reflect realities in the marketplace. That will govern, on the upper side, the allowable project costs per unit.

Mr. McClellan: Will you have any input? The reason I ask is that, as you may know, the Frankel-Lambert neighbourhood is in my community, and I was involved in that project from the earliest planning stages until its completion. It has been a wonderful success, a glorious success. One of the problems, though, if I may say so without questioning the need for a maximum unit price, was a nickel-and-dime attitude on the part of CMHC, which led to some regrettable design features: lack of adequate parking facilities, lack of underground parking

facilities that could have been covered up to make more park and recreation space.

Lots of little things were shaved off, and the result is a less successful design than could have been accomplished. I am sure you are aware of millions of examples; I can tell from all the heads nodding. I hope the province will have input so that recreational amenities and commonsense design features do not get scrapped because of a zealous application of red tape. That is not a question, I guess. You have answered my question.

The second question has to do with the bridge-subsidy withdrawal rate under the new program. The withdrawal is variable on the basis of a formula that includes a regularly updated market rent. I would appreciate, and I am sure the members of the committee would be interested in having, the formula that will be used for the determination of market rent as quickly as that is available to be shared. It would be useful to share proposals for the development of methods of establishing market rent.

I raise this because of the number of problems that have been experienced under the 56(1) programs with the low end of the market and the kind of impact it has had on the municipal nonprofits. The co-operatives have been spared that. They will now have to do their own community planning on the basis of a market rent that will be imposed by government bureaucracy. It is important to know how that will be determined, what the basis of the formula is, how frequently it will be applied, who will do it and how it will be done.

Mr. Peters: We can certainly provide background material on the establishment of market rent. There is no particular formula that one applies to the calculation of a market rent. I believe I mentioned in some of my earlier comments that when the building is completed or the group itself comes forward, we encourage them to do their own market surveys and present to the ministry proposals on what is a fair market rent. There are times when we find some element of disagreement with that calculation and, no doubt, when we go back with our proposal there may be some disagreement from the co-op, the private nonprofit or the municipal nonprofit.

It is important to emphasize that in many projects there will not be in any real sense a market rent, because everybody in that project will be paying on a rent-geared-to-income basis up to those income cutoffs. In some projects there will be a market rent. The market rent basically has to be established in year one and

then the subsidy steps out. The actual rent is the amount required less that subsidy. We know from experience that some groups are quite successfully controlling their operating costs and consequently the rent increases will be at least in part directed and controlled by them. We are not moving around to an annual adjustment of market rent.

Mr. McClellan: You are not?

Mr. Peters: No.

Mr. McClellan: Oh, good. I misunderstood. I took from your formula presentation that there would be a regular adjustment of the market rent based on successive surveys. However, you are saying that the market rent will be set at the beginning and will stay fixed.

Mr. Peters: The market rent will be posted on the date of occupancy. The rents will increase. Our subsidy on market rent units withdraws at a predetermined rate. In other words, when that building is occupied, that group may get a payout table saying: "Here is what our subsidy is going to be this year. Here is what it is going to be next year."

Mr. Chairman: I am sorry to interrupt, Mr. Peters. There is a four-minute bell so I think we had best adjourn for a couple of minutes.

The committee recessed at 9:48 p.m.

9:55 p.m.

Mr. Chairman: I am told by the minister that there is another presentation, even more exciting than the last one. Is it the wish of the committee to proceed with the questioning or do you want to see the next presentation?

Mr. McClellan: First, for the record, otherwise Hansard would be unintelligible, during the quorum interval, Mr. Peters explained it to me. I understand. I do not need to pursue the questioning.

Mr. Chairman: Is it your wish then to proceed?

Mr. McClellan: Absolutely. I can hardly wait.

Mr. Chairman: All right, let us go ahead with the presentation. Before we start, the rules say we should adjourn for a quorum, but if the committee members unanimously agree to continue to watch the presentation during the quorum call we may do so. It is up to us.

Mr. McClellan: I do not think we should adjourn for quorum calls.

Mr. Chairman: Is that all right with you, Mr. Miller?

Mr. G. I. Miller: Yes.

Mr. Chairman: Mr. Pierce? All right, if the bells ring again, we will continue to watch the presentation. Go ahead, Mr. Pitura.

Mr. McClellan: Do you have a handout on this one too? This is the secret one.

Mr. Pitura: This is the secret presentation with no handouts.

What I want to do in these few minutes is to cover primarily the basic features of the Ontario Housing Corp. There will be some repetitive information on the 6,700 units that Mr. Peters has just covered. I will also touch base on some of the market housing initiatives and give you some examples of what has been done in the convert-to-rent program in parts of this province.

I will sit down, with your permission, and try to do this from a sitting position.

First, Ontario Housing Corp. has 121,000 rent-geared-to-income units. The tenants pay no more than 25 per cent of their gross income for rent. Of those units, the corporation owns 84,500 outright. Again, you heard the term "rent supplement." The balance of those units, leading up to the 121,000, are rent-supplemented in, for example, privately owned buildings.

Here is an idea of the clients who are served by the corporation: families, senior citizens and the physically, developmentally and psychiatrically handicapped.

Here is an idea of the subsidy: \$250 million a year, roughly \$1 million per day. The corporation is involved in more than 300 communities in Ontario.

To give you an idea of the operating principles the corporation has adopted recently and under which we will be operating, they are (1) to provide a modest shelter for those most in need; (2) to foster landlord-tenant relationships based on mutual fairness and respect, and the minister made reference to this in his opening remarks; and (3) to use innovation in the provision of technology, whatever measures are needed to ensure that our projects are maintained and monitored in the most economical manner. For example, some of you may have read in the Reader's Digest just a few months ago an article about our smoke-detector program. This gives you an idea of one area where the corporation has been a leader in North America.

I have already touched upon tenant relations. In the future, the corporation will place a much greater emphasis on improving and communicating with tenants and will continue to emphasize cost-effectiveness. Our stock, obviously, is getting older, and that is becoming a problem

with respect to maintenance; so we have to look at the conservation of our properties and major repairs. We have developed or are developing programs to ensure that we do not get caught short in planning for a major retrofit.

10 p.m.

As an idea of how many numbers we house, in the 84,000-plus units we own outright, we house roughly 236,000. Altogether, in all those units, in addition to the ones we own, we roughly support 340,000 people in Ontario.

Here is another rough parameter we like to use. As a provincial average, roughly one in 10 rental units in Ontario are rent-geared-to-income units. To give you an idea, in the larger urban centres—Toronto, Ottawa, Windsor and Sudbury—the ratio drops to one in seven units that are rent-geared-to-income.

These are very broad averages. The average family-unit rent, and again this is using the provincial average, is \$201; the average senior citizen's rent is \$175 and the average subsidy per unit overall is around \$247. These are all, of course, monthly.

Just to give you an idea of how much we pay out to the municipalities and to local utilities, ironically it is about the same amount, about \$1.4 million per week. These are utilities such as power. With regard to taxes, it goes without saying, we pay grants in lieu of taxes.

If we had to replace our 84,000 or 85,000 units, using rough costs of today, it would cost in the order of \$4 billion to \$5 billion. That is roughly the asset owned by the citizens of this province.

One of our major challenges in the future is the whole area of conservation, which we are addressing not only in the Ontario Housing Corp., but also in other parts of our housing initiatives. We are involved in, for example, major upgrading in our older projects.

I want to show you an example of one project in East Niagara Housing Authority, which is Niagara Falls, called Westfield Court. It is a 74-unit, family row-housing project built in 1968. This is not the best or the worst picture by any stretch of the imagination. There is a garbage container in the middle of the street on the far left.

This is the parking lot. As you enter this project you see some fences there that do not look as if they are all put together. The parking lot is, unfortunately, the entrance to this project. You see some privately owned houses in the background. This has been a problem in the past with the community and the police. The tenants

themselves have not been very happy with their environment.

We got together with the housing authority and had some tenant involvement. We invested something like \$600,000. In addition, we developed some social programs with the local community agencies that greatly improved the relations and communications between tenants, the housing authority and the local neighbourhood.

We ended up investing this money. This is part of the construction program, which you cannot see. I use these two expressions because one of the newspaper articles in the Niagara Falls Review of June 1984 called Westfield Court "the zoo." Literally, it was a problem child for us. In November 1984, about six months later, it basically said a new environment exists today. That is how much we were able to achieve with the investment of \$600,000 and, more important, the support of the community and the tenants in working on how best to solve the traffic plan, the parking and general community relations in that particular area.

We ended up with a project that basically looks like this. Unfortunately, this is in the fall, so you do not see it as green as it can be, but it is much improved. It looks new and, the most important thing, it does give the tenants a much better home to be proud of in the future. We are not finished.

Mr. G. I. Miller: How many units?

Mr. Pitura: It is 74 units. If you do it on a per unit price it is around \$8,000 per unit. That includes landscaping, parking, trees, backyards and fences, and we also did some work on the walls. We see more and more of this type of activity down the road because, as I said earlier, our units are getting older across the province.

Just to take a slight break here, there are roughly 438,000 high-rise units in Ontario, of which 44,000—about 10 per cent—are owned by Ontario Housing Corp. About half of these units in Ontario will be more than 20 years of age by 1990 and are already showing large signs of deterioration such as problems with underground garages, windows, walls, balconies, etc.

I mention this primarily to give you an idea—there is an example of building conservation—because we have established the building conservation review system, which we hope will improve the methods by which we can forecast when major repairs and retrofit will be needed in our high-rise units in OHC. We hope that type of system, which will be available shortly, will be able to communicate and transfer the information to the private sector so it, in turn,

can have the benefit of our experiences in this area.

I have already touched upon the conservation review system. I believe in the cliché that a stitch in time saves nine. It is better to put the money in now and save the unit from major retrofit in the future or perhaps, even more costly, a whole major regeneration of the whole project.

We are not strictly in the bricks-and-mortar game any more. Some of you may have seen the quote in the paper this week from the new chairman of OHC. He has indicated that one of his mandates is to approve our relationships and activities with the tenants in the OHC projects across the province. I am not going to dwell on this. Fred Peters made such an excellent presentation earlier, it just duplicates what we have already said.

Switching very quickly into the whole market rental system, in looking at the rental supply in Ontario—and comments were made on this earlier—the major challenge was the supply and affordability. Some of the initiatives you heard about, which were announced on December 16, address the four objectives we have set on the screen there. They are:

1. Providing an affordable rental supply through Renterprise and the nonprofit program, as Fred Peters has already talked about.

2. We have come up with an initiative to maintain our existing housing stock. It is more economical to maintain it in a good way to preserve or extend its life rather than to build anew.

3. There are opportunities to make better use of the existing housing stock. I mentioned that, for example, in the reference to a convert-to-rent program. That is not existing stock but it is a manner of converting an existing resource into a better resource.

4. Movement to ownership is another objective. As you have all heard and read, the ownership market is jumping and alive. There is very little need for any intervention in that area other than to get involved in some form of starter home, which would be working closely with municipalities and developers in the future. We think there are opportunities there that can be achieved to help a first-time home buyer. We will be working with the housing associations and the municipality.

10:10 p.m.

I made reference to making better use of existing stock. I want to take some time to dwell on the convert-to-rent program. That has been raised several times. The initiatives announced

increase the number of units available. I want to mention this other category of extending it to non-self-contained units. That is the hostel type of unit where you can get a warehouse and convert it to hostel-type units to house primarily singles, for example. This has caused a great interest in the Toronto and Ottawa scene, Toronto in particular. That is one new revision to our convert-to-rent program which initially looks as if it is going to be very successful.

Expanding to single-family homes as well, we had an experimental add-a-unit project, which indicated there is potential to provide an additional self-contained unit in homes. It is not easy. We all know the problems in trying to ensure that local zoning, official plans, etc., allow this. Mr. Pierce, as the previous head of a council, knows the difficulty in sometimes achieving that. In the new initiatives, we have an additional allowance over and above the \$7,000 per unit for providing facilities for the physically disabled. There are obviously additional costs in the conversion aspect.

I want to show you some examples of before and after in a convert-to-rent program. This is Cornwall and an old abandoned Canadian Tire store. I do not think there are too many of them in Ontario, from my recollection.

Mr. Pierce: Just hold that one for a minute.

Mr. Guindon: There it is right there. There are 20 apartments or so in there, five of them rent-geared-to-income units.

Mr. Pitura: There are actually 30 units in this project. I will show you. This is a little dramatic, but there are under construction 27 apartments and three town houses. There it is when it is almost finished. It is pretty hard to recognize it as an old Canadian Tire store. Remember it cost \$7,000 per unit with an interest-free loan to the owner.

Mr. Pierce: What was the actual cost?

Mr. Pitura: His actual cost would probably be in the order—now I am going by memory—of \$25,000 to \$30,000 per unit. He might have had some hidden costs he did not tell us about.

Mr. Pierce: That is in addition to the \$7,000?

Mr. Pitura: The \$7,000 is just the interest-free loan. When I mention the \$25,000 to \$30,000, it is the actual cost of conversion.

Mr. Chairman: That is almost \$1 million for the building.

Mr. Pitura: Yes. When you compare the \$7,000, for example, or the \$35,000 or \$40,000 to roughly \$60,000 for a new unit, it is pretty evident it is a remarkable saving. I know the

mayor of Cornwall was delighted with this project.

Cornwall has been a leader in trying to get more projects in this area. We certainly have been appreciative of the help to get started there.

Here is another picture of the project. You see the town houses that were added on to the rear. I had an opportunity to talk to almost half the tenants when I went through. For some reason, half seemed to be from Ottawa. They were delighted with the facilities. It is hard to imagine—

Mr. McClellan: Are they all civil servants?

Mr. Pitura: No. I think they might have been all the terminated civil servants in Ottawa.

Just to give you an idea of the rents on this, the one-bedrooms were going for \$360 to \$425, the two-bedrooms for \$390 to \$495. With all due respect, I think the tenants were absolutely thrilled with this project. They could not wait to move in. I talked to young mothers and a few other people there. They were very excited.

Incidentally, the entrepreneur who did this has five other projects he has completed under the convert-to-rent program. Just to give you an idea, it does work.

Switching now to a little town or village in the Ottawa Valley, the village of Bourget in the township of Clarence, this used to be an old blacksmith shop. I am surprised the local Ontario Heritage Foundation people did not stop it, but they did not. The owner designed it for senior citizens. We have tenants there in their 80s. This is what it looks like right now. It was converted into eight rental units. You would almost think it is a different community. I assure you this is Bourget. This is what has happened on that site.

Mr. Chairman: It is not trick photography?

Mr. Pitura: No. We can take a tour because I think it is still there.

To give you an idea of the rents, the one-bedrooms were going for about \$240 to \$270 and that included utilities. It provides affordable shelter in a small community. We have been very successful in the smaller communities.

Incidentally, the owner is planning to build six units in a converted garage across the street. He has been pretty excited about the whole program.

Here is an example in Sudbury. This is an old school that was abandoned for several years. You can see four young entrepreneurs in the picture. If you read the name of the company backwards—I do not know whether they were pessimistic or not—but that is the name of their company. I met two of them. They were eager. It was good to see. They were unemployed because they were

laid off by the local mine and they had a tough struggle but they converted that school.

This is a construction shot. You can pick out the high windows, but unfortunately, not the high ceilings so much. That is a unit. Notice the high ceilings and large windows. It has been insulated and all that. These four lads had a tough time with this project. We ended up with 23 units. The rents are: bachelor, \$280; one-bedroom, \$315, and two-bedroom, \$350. That is use of an old school that was an eyesore.

This is a picture of a series of old apartment buildings, eight low-rises on Wilson Avenue in Toronto, believe it or not. The owner had space in the basement that was not being used for anything and applied for a convert-to-rent. That is the unit we achieved. The rent in that one-bedroom unit is about \$400.

Mr. Chairman: How many?

Mr. Pitura: We did four one-bedroom units in the basement.

To give you another example, this is an old county hospital in Welland, which has since been replaced by another hospital. It was used for seven years as a chronic care facility. It was vacant for 10 years. There is part of the construction phase. We ended up with 38 units. The 1985 rents are: bachelor, \$290; one-bedroom, \$370, and two-bedroom, \$445.

Mr. G. I. Miller: How many of those units are geared to income?

Mr. Pitura: I cannot answer that off the top of my head.

Mr. G. I. Miller: You do not have a breakdown of average costs?

Mr. Pitura: I can get it for you.

Mr. G. I. Miller: Everybody could not afford to pay that type of rent.

Mr. Pitura: It depends on how the owner marketed the units. You may be right.

Mr. G. I. Miller: I would like to give you an example. In our area, we have a single mother waiting and waiting who is making \$150 a week working at a Becker's store.

Mr. Pitura: No, they would have to be put on the local housing authority's waiting list and get a rent-supplement unit either in one of these projects, in a Canada-Ontario rental supply program or local nonprofit organization.

Mr. Chairman: Are there not rent-geared-to-income units in all of these?

Mr. Pitura: No, not necessarily all. As Fred Peters and the minister have mentioned, we hope to have sufficient quantities to be able to have

rent-supplement units in these areas because that would do a couple of things. The difference between the market rent and rent-geared-to-income is not very great because of the relatively low market rents compared to a new project.

10:20 p.m.

This is in Penetanguishene. It is an old shoe factory that made shoes to supply the armed forces in the Second World War. It sits right on the main street. The back faces the dock. It is right in the centre of town. It was an eyesore. There is the back of the building. You can see what I mean about it being an eyesore. We ended up with 48 units. There is the gutting of the interior. There is part of it that has been fixed up. You can see the remarkable difference. There it is from the front: 48 rental units.

This town is almost an unusual example. Penetang has been a leader in Ontario. It has been very creative. It has gone out of its way to find projects. We now have about nine or 10 projects in this town providing more than 81 units of very affordable rental shelter. The town council has been a leader in this whole area.

To give you an idea of the rents: bachelor, \$418; one-bedroom, \$450; three-bedroom, \$580.

There is another view of that development. I think you would agree with me that it is quite an improvement.

Mr. Ramsay: You said the town council was a leader.

Mr. Pitura: That is right. It is actually chasing us and asking us about it. It is working with local people and saying: "Go get this money from the provincial government. This is what you can do." Look at this shoe factory that has been converted.

Mr. G. I. Miller: Do the local housing authorities have access to these slides and can they promote them?

Mr. Pitura: We would be pleased. Staff in our regional offices go out and promote and help municipalities. If you have any in mind, give us a shout. We will be glad to go and help them.

This is an abandoned Orangeville knitting mill. It is about 60 or 70 years old and had been vacant for a number of years. We ended up with roughly 56 units. There is the exterior during construction. There is another picture and there it is in its finished form. They did not change very much of the exterior except the windows, where they maintained the circular aspects and replaced the windows.

That is all I have. I thought I would provide that example of a program called convert-to-rent. With improvements and additions, as you have already heard, it will be even more successful than what I have already said Ontario Housing Corp. does.

Mr. Chairman: Thank you, Mr. Pitura. That was indeed an interesting presentation. Well done.

Mr. Pierce, you had a question still, I believe.

Mr. Pierce: My question is based on the previous presentation, but I have a couple of questions about this one as well.

Mr. Chairman: There are only about five minutes left. You, Mr. Miller and Mr. Ramsay all have questions. We will try to get through.

Mr. Pierce: Are all the OHC subsidized units as well as rent-geared-to-income under the rent control legislation of four per cent?

Mr. Pitura: No. The nonprofit housing and OHC housing are exempt under rent review because they are already subsidized in a different form, as is shown on the slides, by an average of more than \$270.

Mr. Pierce: Therefore, a tenant going into the unit has no guarantee that he is not going to have any more than a four per cent rent increase at the end of each year.

Mr. Pitura: His rent is based on his income. If his income goes up, his rent goes up.

Mr. Pierce: I am sure landlords would like to have the same prerogative to base rent increases on increases in the incomes of the tenants.

Mr. Pitura: You might be able to arrange that deal with some tenants.

Mr. Pierce: Thank you; that is one answer. The other one is that, according to your presentation, the main ingredient in the upgrading is actually private enterprise, if a person is prepared to get out there, move a project ahead and make use of the \$7,000 in assistance.

Mr. Pitura: Yes, that is right. It has been of benefit in many ways: (1) the local community benefits because it removes an eyesore, generally speaking; (2) the municipality benefits by the increased assessment; (3) the owner-entrepreneur benefits because he ends up with a business operation; but, most important, (4) the tenants who move in there get very affordable shelter.

Mr. Pierce: The last one is that the ministry is to some degree encouraging second units within a single unit where you move your mother-in-law

or father-in-law down in the basement someplace and—

Mr. Pitura: Not my mother-in-law.

Mr. Chairman: No. You move into the basement.

Mr. Pierce: I am sure that in a smaller community it creates a problem because that community relies to a large degree on the tax base and the additional building that goes on within it. It restricts its ability to raise taxes because the taxes generated from that second unit in the home are far less than the taxes generated from an additional housing unit down the street.

I am speaking as a previous representative of a municipality. What is available to the municipality to offset the loss of taxes because of that double unit in a single-unit home?

Mr. Pitura: That provides the locally elected official with an interesting conundrum. What does he or she prefer: increased assessment and taxes or additional shelter that is more affordable? Not a very easy question, as a lot of communities have found.

Mr. Chairman: Nevertheless, an answer for Mr. Pierce.

Mr. Pitura: Thank you.

Mr. G. I. Miller: Does rent-geared-to-income encourage the upgrading of facilities in downtown areas where there are apartments over stores that are already rented? Can they take advantage of this program?

Mr. Pitura: No. If you are referring to the convert-to-rent program, its thrust is converting nonresidential space to residential space. In other words, we are not providing retrofit or rehabilitation money for a spot already used as a rental spot.

However, having said that, we have an Ontario home renewal program, which you may be familiar with, which provides assistance to very low income home owners to retrofit their homes accordingly to bring them up to a minimum standard.

Mr. G. I. Miller: That is called the Ontario home renewal program?

Mr. Pitura: Right.

Mr. G. I. Miller: Everyone is aware that rural Ontario is having a lot of difficulty now with the way its agriculture industry has been going. For example, in our area we have public housing in the larger communities but not that much assistance for small communities. We are getting a lot of pressure for senior citizens' accommodation and accommodation for people who want to

live in that community. The housing authority has seen fit to direct it to the larger municipalities.

Is anything encouraging them to move out to those smaller municipalities or providing an incentive to stay in their own community?

Mr. Pitura: I hope there could be opportunities for convert-to-rent in the smaller municipalities. They are the type of municipality where it has been most successful. That is where the municipal councils could identify projects, work with local entrepreneurs and get applications for funds from us in order to convert for the use of senior citizens.

We have something on the books in our initiatives to develop senior equity co-ops by buying larger homes in some of these smaller municipalities, working with the local service clubs—Kinsmen, Rotary and church groups—and providing three, four or five self-contained units. We are going to try to work with that approach in the next year or so to see how successful it can be. I think it can be very successful. It will require a lot of work with municipalities and local groups.

As Mr. Peters has mentioned, in our 6,700-unit nonprofit program, allocations from that will go to some sponsoring groups that want to provide housing for senior citizens in smaller hamlets. There would have to be roughly 20 units, though, to make them economical for construction purposes; otherwise, unit costs get out of hand.

Mr. Ramsay: What is the average waiting list for the different local housing authorities?

Mr. Pitura: It varies. I can show you a project in Wasaga Beach where a year ago we had a waiting list of zero senior citizens. Do not ask me why. It is a beautiful location; it is slightly away from the downtown core, a setting that senior citizens like. Yet we have other housing authorities with projects with a lengthy waiting list.

Overall, we have 21,500 to 22,000 on our waiting lists for the province. Roughly two thirds of them are families and one third are senior citizens. Our annual turnover is roughly 12,000 units. We house those from our waiting lists.

Mr. Chairman: Thank you, Mr. Pitura.

Before we adjourn, is there agreement among the committee to meet on Tuesday night at 7:30 before the Housing estimates at eight to talk about our schedule between the sessions and that kind of thing? The committee should make some decisions before the whips of the three parties make the decisions for us.

Is that agreed? I will send out a notice for a meeting to start at 7:30 p.m., with the Housing estimates at 8 p.m. in the regular way.

Thank you very much. We will convene again on Tuesday at 7:30 p.m. for the committee and 8 p.m. for the estimates.

The committee adjourned at 10:31 p.m.

CONTENTS

Thursday, January 30, 1986

Community housing program	R-887
Adjournment	R-904

SPEAKERS IN THIS ISSUE

Curling, Hon. A., Minister of Housing (Scarborough North L)
 Guindon, L. B. (Cornwall PC)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mancini, R. (Essex South L)
 McClellan, R. A. (Bellwoods NDP)
 Miller, G. I. (Haldimand-Norfolk L)
 Pierce, F. J. (Rainy River PC)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 Smith, D. W. (Lambton L)
 South, L. (Frontenac-Addington L)

From the Ministry of Housing:

Cornell, W., Deputy Minister
 Peters, F. H., Director, Program Policy and Evaluation Branch, Ontario Housing Corp.
 Pitura, L. F., Assistant Deputy Minister, Community Housing,
 Vice-Chairman and Chief Executive Officer, Ontario Housing Corp.

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C13
S76



No. R-38

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Housing

First Session, 33rd Parliament
Tuesday, February 4, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Gordon, J. K. (Sudbury PC)
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McGuigan, J. F. (Kent-Elgin L)
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, February 4, 1986

The committee met at 7:37 p.m. in room 228.

After other business:

8 p.m.

ESTIMATES, MINISTRY OF HOUSING (continued)

On vote 2604, community housing program:

Mr. Chairman: When we adjourned last Thursday evening, we were on vote 2604, the community housing vote. Mr. Gordon had suggested that since he had other commitments that evening, he would appreciate being allowed to come back to that vote this evening. We are currently on vote 2604. We had some very entertaining presentations the other night, Mr. Gordon, and I am sure you have been brought up to date by your colleagues.

Mr. Gordon: I know it was an entertaining evening because I took the time to read Hansard from cover to cover. I notice you spent a certain degree of the time running back and forth to the House because of quorum calls. Some people seem to have difficulty being around here in the evenings, but we are not going to get into that discussion; I think we have already had it.

I am not going to spend a lot of time on this vote. I have one basic question I want to ask the minister about rent review. When you left, according to Hansard, I think you indicated that rent review was the reason you were going to hold things off for Jim Gordon.

Hon. Mr. Curling: Very accommodating.

Mr. Gordon: I appreciate it very much.

Mr. Taylor: I trust there will be reciprocity in that regard, minister.

Interjection.

Mr. Taylor: The reciprocity I am talking about.

Hon. Mr. Curling: Yes.

Mr. Laughren: Reciprocity has a long history in the Tory party.

Hon. Mr. Curling: We have a lot to heal.

Mr. Gordon: Your rent review paper states that, "Since taking office in June, the new government has undertaken an exhaustive analysis of the issues of rent review and has consulted broadly with all interest groups." I would like to

know what constituted your exhaustive analysis of the issue of rent review.

Mr. Chairman: Excuse me, Mr. Gordon. Are you on vote 2604?

Mr. Gordon: Yes. I would like to know this especially in the light of the fact that the members of the rent review advisory committee have recently written you—last week, as a matter of fact.

Hon. Mr. Curling: You are on vote 2601. Are you talking about rent review?

Mr. Gordon: Yes. You indicated in Hansard the other night that you were prepared to talk about rent review with me this evening.

Hon. Mr. Curling: Yes, but we are on vote 2604 now.

Mr. Gordon: Vote 2604?

Hon. Mr. Curling: Yes, and then we will go to vote 2601.

Mr. Gordon: Okay. If you want to finish vote 2604—

Mr. Chairman: Not to be too technical about it.

Mr. Gordon: —that is fine with me.

Mr. Chairman: Are there any further comments on vote 2604? That is the community housing program.

Mr. Harris: I may be out of order, and you can correct me if I am wrong, but I have a few questions I would like to ask about the Renter-prise program. Does that fall under this category?

Mr. McClellan: Before you get into that, Mr. Harris, I already had some questions; I had asked the deputy minister to share with the committee some statistical information on precisely the same program. Is that available?

Hon. Mr. Curling: Yes.

Mr. McClellan: Could that be distributed? I think it would be helpful to us.

Mr. Harris: Perhaps I can come in on a couple of supplementaries.

Mr. McClellan: Oh, no.

Mr. Chairman: Mr. Harris, I think Mr. McClellan has agreed to let you proceed.

Mr. Harris: I hope I am not going over old ground. I am interested in the rental construction

program called Renterprise, which is part of the Assured Housing for Ontario package. Can the minister tell me what criteria were used to determine which areas of the province would qualify for the Renterprise proposal calls.

Hon. Mr. Curling: I will ask Crom Sparling to explain the criteria we use. Is Crom Sparling or Doug Beesley here? We could probably make a copy of this. Do you want me to talk about how we distribute the units and in what areas?

Mr. Harris: A copy of that would be helpful. While I am getting it, I am interested in knowing how you determine what areas get what units. What areas of the province would be eligible for proposal calls?

Hon. Mr. Curling: I am going to ask Crom Sparling to explain the criteria to be used.

Mr. Sparling: The Renterprise program is modelled closely along the lines of a very successful program that we had in November and December 1984. We have made some modifications to make it even better targeted.

Mr. McClellan: Do you mean the Ontario rental construction loan program or the Canada rental supply program?

Mr. Sparling: No, the Canada-Ontario rental supply program. I suppose it is a measure of the fact, since the committee is not too familiar with the program, that it was a tremendous success. There has not been that much criticism.

The program has a number of criteria. First, it is extremely well targeted. We have identified a list of communities that have both a need for market housing and for rent-geared-to-income housing, which is the list the minister has before him. Second, in the proposal call, we specify that we are looking for modest family units. We identify modest family units as being modest in size and design, yet attractive for families. We have specified targets, target rents and target sizes for those units as well. The program is quite well targeted with respect to both its location and its kind of accommodation.

When projects are evaluated, they will be appraised so that the actual project costs, the value and the rents will be analysed against current market values. We will have a priority list from which the projects will be selected, having taken into consideration their appropriateness for the client group, the amount of assistance required and the appropriateness of the rents that are proposed relative to the target rents that are advertised.

These are the major criteria that will be used in evaluating the projects.

Mr. Harris: I am interested in how you determine what areas of the province would and what areas would not be invited to submit proposals and how you arrive at the criteria. What criteria do you use to arrive at that?

Mr. Sparling: The published vacancy rate statistics from Canada Mortgage and Housing Corp. were an integral part of that exercise.

Mr. Harris: Would that be the major part?

Mr. Sparling: Yes, that is a major part. We also canvassed our own regional housing program offices, six of which exist across the province, and asked them to identify municipalities that, according to their best knowledge, had a pressing need for both market and rent-geared-to-income housing.

We also looked at the local housing authority waiting lists to assure ourselves there was an adequate need for rent-geared-to-income housing in these communities. Where we determined there was an adequate need for both market and rent-geared-to-income housing, we established a priority listing. That then had to be pared down to the 5,000-unit target level. Some communities dropped off in the process.

Mr. Harris: I am sorry. What is the 5,000-unit target level? I have not heard that before.

Mr. Sparling: There is a total of 5,000 units being proposed or offered under the program.

Mr. Harris: Okay. Can you provide the CMHC figures for the various areas of the province that you have invited to submit proposals?

Mr. Sparling: Yes. I do not have them with me, but we can provide them.

8:10 p.m.

Mr. Harris: I have checked several of them. I was unable to obtain many because CMHC figures for specific areas are sometimes difficult to obtain on short notice. I have details for some areas; for example, Thunder Bay for October 1985.

Mr. Sparling: The most recent figures CMHC has are for October 1985. CMHC does not publish vacancy rate statistics in all communities of the province. I have a list of the census metropolitan areas and the census areas for which CMHC produces vacancy rates. It can be copied if you wish.

Mr. Harris: That would be helpful.

It ought not to come as much of a surprise that I am asking these questions because North Bay is conspicuous by its absence from the list of communities for which developers were invited

to submit proposals. As I understand it, the vacancy rate according to CMHC is 0.39 per cent, which is considerably lower than many communities on this list for which proposals were invited. It ought not to come as a surprise that the people in the area of North Bay wonder why the minister determined there was no need for proposal calls in North Bay when there appears to be a pressing need in communities with higher vacancy rates; for instance, Cochrane and Hearst.

Mr. Sparling: We are dealing with a rationing problem of limited allocation. We also have to deal with the relative need for both market units and rent-geared-to-income units. I do not have with me the rationale for each and every one of these municipalities, but if the committee would like a rationale for a specific municipality, we can provide it.

Mr. Harris: Was the list of communities to be invited to submit proposal calls submitted to cabinet for approval?

Hon. Mr. Curling: No, that list was not submitted to cabinet for approval. I appreciate your concern and disappointment that North Bay was not included.

Mr. Harris: Disappointment is not the right word.

Hon. Mr. Curling: With the type of response we are getting, we may entertain a second round and have a second proposal call that would include communities that were left out.

Mr. Harris: Does the minister have the CMHC vacancy rates and the other criteria used in arriving at the figures that made North Bay ineligible for this program?

Mr. Sparling: I have with me only the CMHC vacancy rate, which for North Bay was 0.2 per cent for October 1985.

Mr. Harris: I think the 0.39 came from January.

Mr. Sparling: April actually.

Mr. Harris: So 0.2 per cent is the figure that relates. Several communities that are eligible have vacancy rates of four times that; for example, Ottawa, Carleton and Cambridge. Brantford and Peterborough have double that. I was not able to obtain figures for Cochrane and Hearst, but when one looks across northern Ontario one can understand the concern when communities such as Kirkland Lake and those in the Tri-town area are not included.

In North Bay and Sturgeon Falls, there are long waiting lists, tight vacancy rates and

average family disposable incomes that are considerably less than in areas such as Timmins, for example. Do you not think it is reasonable that if some communities are going to be selected over others, you should provide backup information in an addendum so that some logical explanation can be given to the people in the communities that have not been favoured with this program as to why.

Hon. Mr. Curling: You said that "disappointment" was not the word for you, but I will say yes, there are regions that would be considered more. Renterprise is not the only program we have to address that need.

I would expect that in those areas we may not pick up, we may then consider, as I said, the north, places like North Bay. But you are asking about the comparative data that were used in making that selection, and I presume the staff could make them available to you.

Mr. Harris: May I ask the minister to make it available in such a form that it would show the rankings of the communities—not just those that were accepted for the program but all the communities that were considered and ruled ineligible for the program? Presumably, some kind of graph chart was used that would rate the various components that went into it. Is that reasonable?

Hon. Mr. Curling: Yes.

Mr. Harris: If that information, when it becomes available, shows that North Bay, for example, Sturgeon Falls or other communities in Ontario, appear on the basis of those criteria to be every bit as much in need as the communities listed on the program, would you as minister entertain the idea of extending the program to all of those municipalities?

Hon. Mr. Curling: As I said, we would have to put it to cabinet again to see whether we could have a second call. I would make my recommendation as vigorously as possible in order to address that need.

Mr. Harris: My difficulty with a second call is that a second call means cabinet approval for a second amount of money. If the data indicate that there is an equal need in other areas of the province, would you not undertake as minister to extend the program so that proposals can be made in those areas and be considered along with the areas in the original call?

Hon. Mr. Curling: I will undertake to do that. Undertaking is one thing, but the money also has to be found to do it. Then I would have to go back to my colleagues in cabinet.

Mr. Harris: I understand that you have approval for \$75 million. If the data show that other areas of the province need this program just as much as the ones you have identified, then surely they should be considered in the mix, as you are going to evaluate the proposals, along with the other proposals.

You may get a proposal that meets the initial criteria in a better way than the ones you are going to get here, so they should be in the running for the original pot of \$75 million. I think that would be reasonable. Would you not agree?

Hon. Mr. Curling: I do not understand your question, sir. It is quite reasonable to look at the ranking. You are saying that if it is the case, for instance, that North Bay should be in the top ranking for that—

Mr. Harris: No. I am saying that if the data indicate that an area such as North Bay, Kirkland Lake or another region of the province should be included, if it has vacancy rates far greater than those in some of the areas that are here—and surely this can be determined before the end of the evening; if you give me the data, I will determine it for you very quickly—surely if the proposal calls are extended to those areas of the province, they should be considered along with the proposal calls you are waiting for now. What is the date they are to be in? You have not allocated any money yet.

Hon. Mr. Curling: No, we have not.

8:20 p.m.

Mr. Harris: You have approval to allocate up to \$75 million.

Hon. Mr. Curling: You asked for the date. Applications must be received by Friday, March 14.

Mr. Harris: So the program has only just been announced.

Hon. Mr. Curling: Yes.

Mr. Harris: There is still plenty of time if, in the period of 24 hours, it can be determined that other areas of the province should be included. Surely they should not have to wait for a second call, a second pot of money, a second allocation from the Treasurer (Mr. Nixon) and, in effect, a second year.

What you are really talking about with respect to a second call is that you will go into another year's budget, another year's building season.

Hon. Mr. Curling: What I am saying, Mr. Harris, is that I am prepared to take a look at all those areas that are in great need—areas, as you said, like North Bay. We have until March 14—I

think that was the date I gave you—to do so. If we look again and if North Bay can be considered, I am prepared to reconsider.

Mr. Harris: Okay. Thank you very much, Mr. Chairman.

Mr. Gordon: The supplementary comes out of Mr. Harris's question, but a comment was made by one of the civil servants here that Canada Mortgage and Housing Corp. does not survey all the municipalities in Ontario. How many of the municipalities on the list that Mr. Harris was referring to are surveyed by CMHC? Second, how many communities on that list are not surveyed by CMHC, and how do you go about determining whether communities not surveyed by CMHC are included in your program?

Mr. Sparling: I will turn this over to Murray Wilson, the assistant general manager for the Ontario Housing Corp., who is responsible for field operations. It was his staff who identified the various needs in these municipalities.

Mr. Wilson: Concerning the question that was asked earlier about the criteria, first of all, it is not easy to identify areas from which you would like to receive proposal calls because at first blush, with low vacancy rates, generally speaking, throughout Ontario, you could argue that you could really have one proposal call across the province and not be terribly concerned about it.

However, there are a number of program criteria that have to be satisfied. In private sector rental housing where there are insured loans, it is a responsibility of the Canada Mortgage and Housing Corp. to satisfy itself, before advancing insurance or issuing an undertaking to insure any particular loan, that sufficient analysis is performed on the project to substantiate that its investment, in terms of the insurance coverage of the market rent units being provided, is adequately protected.

In one case you could go to a municipality and identify a market need. You could say there was justification for making a proposal call in that community based on market only. In another community you could say that there was justification for making a proposal call based on rent-geared-to-income accommodation only.

In the one situation CMHC would be terrifically happy: the market need supported the need for market rent units. In the other case CMHC would not be terrifically happy, because the rent-geared-to-income component requires some sort of subsidy in order to support it and to support the difference between rent-geared-to-income and

market rent. Therefore, as far as insuring is concerned, you have to provide more guarantees. You get into areas that we have identified earlier in terms of activities we have under way, social housing that really tries to address that type of problem.

In a market rent or private sector rental housing program some of the key criteria that have to be addressed include protection from the insurer's point of view and, from our point of view, whether there is a nice balance in terms of the need for market rent units and rent-geared-to-income units.

It is terrifically important in both of those cases that you do the best job you can with the information available to determine what municipalities satisfy those criteria, and you identify those municipalities for the proposal call.

Mr. Gordon: I have a point of clarification. I certainly can follow the points you are raising about the private sector and market need, and also the concept of rent geared to income and the federal government's part in all of this. However, I still fail to see how the list that the member for Nipissing (Mr. Harris) has brought up is put together.

It was stated here that Canada Mortgage and Housing Corp. does not survey all communities in Ontario. First of all, were all those communities on the press release that was put out by your office surveyed by CMHC? How many of the communities on that list were not surveyed by CMHC? How do those communities not surveyed by CMHC become part of any proposal call?

Hon. Mr. Curling: I would have to ask my staff again whether all the regions appearing on the list were surveyed by CMHC.

Mr. Wilson: In the sense in which Mr. Gordon is asking that question, the answer would be no, not all municipalities were in fact surveyed by CMHC. For each community we proposed to include in the proposal call, a check was made between the CMHC branch offices and our own regional housing programs office with respect to the need for market rent units and the need for rent-geared-to-income units.

Mr. Taylor: How did that come to your attention? What would stimulate the response to commit to building in those communities that were not the subject of a CMHC survey?

Mr. Wilson: Generally speaking, a relatively long waiting list for rent-geared-to-income accommodation.

Mr. Taylor: How would you know that?

Mr. Wilson: The housing authorities maintain that throughout Ontario.

Mr. Taylor: So the local housing authorities would be pressuring you for some more housing.

Mr. Wilson: I am not sure about pressuring, but certainly they would identify a need.

Mr. Taylor: They would bring it to your attention. You can call it what you like.

There is a point of clarification. I was not sure whether I heard you properly. I gather that because of the CMHC risk-spreading in guaranteeing loans, commitments were made over a larger area. Was I reading something into what you were saying?

Mr. Wilson: You were if you interpreted it that way.

Mr. Taylor: It struck me that what I could read into what you were saying is that a factor in committing loans across the province was a need to spread the risk because of CMHC's guarantee.

Mr. Wilson: If my remarks were misleading in that sense, I apologize. What I intended to say was simply that in some cases, while we would very much like to do a private sector rental housing project in a particular community, the market rent component is simply not there to justify CMHC offering to a lender an undertaking to insure.

8:30 p.m.

Mr. McClellan: I just wanted to make sure I understood the material that had been given to me. One of the things that happens to you after you have been here 10 years is that you cannot add, subtract, divide or multiply any more without a computer. I do not have my computer or my little calculator with me, so I will have to work out some of this stuff later.

I was curious about the statistics for the Canada rental supply program, which is a federal program, and I believe the provincial involvement is to supply rent-geared-to-income units. Is that correct?

Hon. Mr. Curling: Yes.

Mr. McClellan: I was confused. Out of a total of 8,747 Canada rental supply program units constructed, only 820 are rent-geared-to-income units. Can somebody explain why that figure is even lower than the dismal record for the Ontario rental construction loan program? It is a neutral question.

Mr. Wilson: The Canada rental supply program was introduced by the federal government. At that time, certainly with some but not a

great deal of consultation, it was expected to take up the rent supplement units in CRSP projects. As the program gathered some steam and got some proponents who were prepared to build rental housing, there were more consultations with the province, which resulted in our being much more active in going around and seeking out rent supplement opportunities within Canada rental supply program projects, but maybe not as much as you would like.

Mr. McClellan: Is that the final total, though?

Mr. Wilson: No, that will not be the final total. Rent supplement units are still being taken on Canada rental supply. The Canada rental supply negotiations that took place between the federal and provincial governments allowed some proponents who built projects under CRSP, if they wanted to do so and had a portfolio of rental housing, to offer us units in other buildings as opposed to the CRSP buildings. Provided there was a corresponding number, we did take some units in other buildings where proponents offered them.

Mr. McClellan: But are all of the 8,747 units, shown in appendix B as the total number of units under CRSP in Ontario, occupied at this time? I would assume they are.

Mr. Wilson: Those would be, yes.

Mr. McClellan: Only 820, or less than 10 per cent, have been taken up as rent-geared-to-income units? If that is correct, it reinforces the concern I raised earlier in these estimates. I will say again that it is even worse than the record of the Ontario rental construction loan program. Mr. Sparling spoke optimistically about the Canada-Ontario rental supply program, but it is too early to tell yet what the takeup rate is going to be with RGI, because the projects are not occupied.

Everything you have done so far, either yourselves or the federal government—and you are providing the RGIs—has been quite dismal with respect to the percentage of RGIs. We will be back here next year to look at the record of CORSP. I will be surprised if the figures are very much different, and I will be surprised when we get the figures on the Renterprise program if they are any different.

I am willing to be persuaded, but what you have to do is demonstrate a successful program. So far both the federal government and the provincial government have poured hundreds of millions of dollars into free second mortgage money for private housing developers on the ostensible grounds that they were creating

affordable housing with a reasonable percentage of rent-geared-to-income units. For the programs where statistics are available, that turns out to be bunk. It is money down the drain.

I say to you again, not for the last time, that the \$75 million you are putting into the Renterprise program is going to be exactly the same as the money that, quite frankly, was wasted on the Canada rental supply program and on the Ontario rental construction loan program. You do not agree with me, but I insist again—and I will shut up at this point—that the money would be better spent in the nonprofit housing program, where you would be guaranteed affordable housing, where you could guarantee that you would have rent-geared-to-income units and that you would not be taken to the cleaners one more time by the private sector.

Hon. Mr. Curling: Let me respond to that. You are correct about the previous programs, the Canada rental supply program, where the figures indicate that only 820 of 8,747 units were rent-geared-to-income units, and the Canada-Ontario rental supply program. We are not into CRSP again; neither are we into CORSP.

Renterprise is a different program altogether. One of the criteria is they have to demonstrate there is 40 per cent rent-geared-to-income housing for them to take part in the program. The history that the previous programs were failing is justified, because you could see that in the past. However, with a 40 per cent requirement, you will see a great improvement in the availability of rent-geared-to-income units. You will be singing a different tune next year.

Mr. McClellan: I do not think I will, but I will be waiting patiently for the statistics. You would be better off putting your money into nonprofit housing; you are guaranteed a positive return on your social housing investment. Otherwise, you are just wasting your money. However, we will continue this debate as we go along.

Mr. Philip: I would like to ask the minister a number of questions concerning the operation of the Ontario Housing Corp.

Your colleagues in the Liberal Party signed a report of the standing committee on administration of justice which was defeated by the Conservative majority. It was, however, tabled in the House. There were 119 recommendations in that report. How many of those recommendations are you now willing to implement—recommendations made by your colleagues in the Liberal Party in 1978?

Hon. Mr. Curling: I have not seen the report. I could not say how much of that we could adhere

to. There is a drive on, and I am emphasizing the Ontario Housing Corp. to bring into the communities decent places for people to live. I would have to examine the report you are speaking of; I could then say how much we will be honouring in that sense.

Mr. Philip: You have been the minister for a number of months. I would have thought that you would have been aware of or would have read, or that your advisers would have read, some of the key documents in your ministry.

One of the key reports tabled was the investigation by the justice committee. Indeed, the Ombudsman has said publicly that he would start with that as part of his systemic study on Ontario Housing. Are you telling me you have not read that report?

Hon. Mr. Curling: No, I have not read that report.

Mr. Philip: Can you or your officials tell me how many of the 119 recommendations of that report have been implemented?

Hon. Mr. Curling: Doug, do you want to respond to that?

Mr. Beesley: Yes, I can provide some information to Mr. Philip.

As he indicated, it was an all-party committee of the Legislature, the standing committee on administration of justice. They did meet for quite a number of weeks and reviewed the operation of the Ontario Housing Corp. There was a report prepared with 119 recommendations. The report was debated in the Legislature in the spring of 1981, and it was defeated by the government at that time.

Notwithstanding that, a number of matters relating to that report were reviewed by the corporation and its board of directors, and a number of changes were made with respect to the issue of tenant appeal—on the basis of evictions, or their applications were not accepted, or they were denied a transfer. A system was introduced as a result of that report which provided access for tenants or applicants to have their cases reviewed by the local housing authorities.

8:40 p.m.

Mr. Philip: You have mentioned one. There were 119. Again, of the 119 recommendations, how many have been implemented by the Ontario Housing Corp.?

Mr. Beesley: I am not in a position this evening to review 119 recommendations. The report was not adopted or accepted by the government at that time. If the minister were to ask the board of directors of the Ontario Housing

Corp. to review the report, the board would be prepared to do that.

Mr. Philip: The minister may find it enlightening to know that when someone from the library research service called Mr. Beesley and asked him that very same question, he was virtually told it was none of his business and asked whether it was Ed Philip asking for the information—not in those exact words, but that “the report had been defeated and therefore the information probably would not be available.” Is that not correct, Mr. Beesley?

Mr. Beesley: I am glad you clarified the expression. I never informed any member of any research group that a matter relating to the report was none of his business. I did inform the researcher that the report had been defeated by the government and did not represent a direction to the corporation, nor was the corporation given any direction by the minister responsible for housing at that time.

Hon. Mr. Curling: When you mentioned the report and the accord, I was not quite sure. I have seen the report submitted to the Ontario Housing Corp. for review, but I did not realize it was part of the accord.

Mr. Philip: I did not say it was part of the accord.

Hon. Mr. Curling: I misinterpreted you; I have seen it, then.

Mr. Philip: I said the report was agreed to by the Liberals and the New Democrats, which meant the Liberals and New Democrats signed the report, and the Conservatives filed a dissenting point of view on that report. The majority government defeated it. The report was prepared under the previous minority government.

Let me ask you about some of the specific policy issues I was interested in regarding that report, since I have been assured they are part of the inquiry by the Ombudsman.

Let me deal with the issue of battered women. Are you aware that a woman who is battered by her husband may not be able to obtain a transfer to a safe form of housing within Ontario Housing but, instead, must leave and go to a hostel of some sort and then reapply, even though social workers, priests, ministers, MPPs, police officers in the community may be willing to provide evidence that says, “This marriage appears to be over and this person is in danger”?

Your predecessors have taken the position that they will not interfere in “the breakup of a marriage.” Are you aware that this becomes a class system in which poor people who happen to

be battered are kept in a form of slavery, while rich people who can get away from their spouses can move out and go elsewhere? Would you not agree that this is the kind of policy that should be addressed and that it is to be hoped you, as the new minister, will change?

Hon. Mr. Curling: That was brought to my attention, and I agree with you. When that was brought to my attention, we asked to review it again, and I am prepared to make changes accordingly.

Mr. Philip: I wonder whether you can comment on some of the other issues in that report. One of the things we discovered in our inquiry—and we went to a number of cities across the province—was that there seems to be an inconsistency in the way in which tenants are consulted and managed from one housing authority to another. It may have changed, but at that time, Ottawa seemed to be a better-run housing authority, Hamilton seemed to be the worst, and perhaps Metropolitan Toronto was somewhere in between.

How does the minister explain this inconsistency, and what does he intend to do to bring about some consistency in management so a person in one housing area does not get treated differently or less justly from one in another?

Hon. Mr. Curling: You ask me to explain the inconsistency. I presume that is very easy to explain in the sense that each area and each authority, although having the same laws and policies to follow, would behave in its own manner. That is human nature. I can explain it only from that point of view.

What was the second part of your question?

Mr. Philip: What does the minister intend to do to get some consistency in management so people are treated in a just and enlightened management form across the province?

Hon. Mr. Curling: The seminars and workshops we have been putting on to sensitize people and the matter of getting more tenants on the boards to deal with problems and issues will help considerably.

I have been going around the province and speaking to the authorities. We are the second largest landlord in North America. While we are bringing in rent review changes and telling landlords how to behave, we have to clean up our house first. I fully agree with you; that is the thrust of the new appointment to the Ontario Housing Corp. I have instructed the chairman of the board about that, so many of the issues you raised today will be looked at.

We would like to get away from the bricks-and-mortar image and realize we have people there, this is their home, and it is a decent place in which to live. It is a matter of sensitizing those authorities about the direction in which I want to go as the minister.

Mr. Philip: Is the minister prepared to accept the election to housing authorities by tenants, or does he take the stand Mr. Bennett took that he was the one who appoints them?

Hon. Mr. Curling: I do not know Mr. Bennett's style. I presume Mr. Bennett will not be appointing anyone.

Mr. Philip: I assume Mr. Bennett will not be appointing anyone too.

Hon. Mr. Curling: So I would support that one. However, again, I have never thought about an election process.

Mr. Philip: Let me give the minister an example of an inconsistency between one housing authority and another. If you have physical, but not legal, custody of your children—a matter that sometimes can take as long as three years to rectify—one housing authority will accept your application for tenancy while only a few miles away another will say that unless legal custody by court ruling is provided, you will not be considered as an applicant.

Has the minister looked into this matter? Does he feel that as long as someone has physical possession of the children and until such time as the courts decide that they do or do not have legal custody, they should be provided with housing?

Hon. Mr. Curling: We could stay here all night and you could address problems you identify as bad within Ontario housing. I could respond to you and say these are not appropriate ways in which to deal with people, but most of these issues will be looked into and addressed in a short while.

8:50 p.m.

Mr. Philip: What about the issue of the fellow I brought to your attention who was refused an application by the Peel-Mississauga housing authority on the grounds that his estranged wife lived in the same authority and therefore he could not be granted housing?

Hon. Mr. Curling: I am not quite sure of the outcome of that. I remember you brought it to my attention.

Mr. Beesley: Perhaps I can assist, Minister. May I inquire whether this individual has filed a grievance with the Ontario Human Rights Commission?

Mr. Philip: I filed a grievance for him with the Ombudsman. I suggested that was the route to go rather than the Ontario Human Rights Commission.

Mr. Beesley: There is an investigation under way by the Ontario Human Rights Commission. Perhaps rather than get into the details, since it is a matter under investigation, I will simply say the man did apply for accommodation. The suggestion is that because his wife was already living in subsidized accommodation, he was not eligible for accommodation himself. He is already residing in subsidized accommodation but desires to be in other subsidized accommodation located closer to where his wife and family live.

The nonprofit corporation has actually used the wrong reason, if you will, for denying him access to other subsidized accommodation because he is already residing in accommodation and his housing need has been taken care of. I believe there was some misunderstanding that there was another policy that was denying him access to subsidized accommodation.

Mr. Philip: I find it interesting that he is denied accommodation, and the reason is put in writing, but when the Ombudsman starts investigating, they say, "No, it is not for that reason but for another reason we are denying him accommodation."

Let me deal with that whole issue of the transfer, which is essentially what we are talking about. This chap's case illustrates one of the systemic problems with the transfer policy. He happens to live in senior citizens' accommodation owned by the Metropolitan Toronto Housing Co. Ltd., which is the municipal housing authority. He wishes to transfer out to Mississauga because of his family and for other humane reasons; he belongs to clubs there, and there are other things that will make life more pleasurable or more meaningful to him.

Does the minister not think that to be close to one's kids is a reasonable, rational reason for wanting to transfer from one subsidized housing to another subsidized housing?

Hon. Mr. Curling: It might be reasonable and it might be rational, but you must understand we do not have the vacancies to accommodate that. Many people get rather frustrated if they want to move from Peel to Scarborough, where their families are; there is no vacancy and there is a long waiting list. His reason for moving can be quite reasonable, but if we cannot accommodate him, we cannot accommodate him.

Mr. Philip: If you cannot accommodate him, it would seem to me that you would give the

reason that you cannot accommodate him and not give the trumped-up reason that he is adequately housed or some other reason.

Hon. Mr. Curling: I was not suggesting that we give a wrong reason as to why we did not accommodate him. You asked me whether that was a reasonable reason for someone to have a transfer and I said yes, it is a reasonable thing. You are suggesting now that we gave him something else. Do you want to comment on that specific case, Doug?

Mr. Beesley: I will add to what you have said, Minister. The individual is considered to be adequately housed vis-à-vis a long waiting list of individuals or families who are currently living in the private sector and paying a high proportion of their income for rent. Comparing this gentleman's priority of need to those on the waiting list, he simply does not have as pressing a need as those people on the list already do. For that reason, the situation where the gentleman is already housed in subsidized accommodation by the Metropolitan Toronto Housing Co. Ltd. means he does not have a housing need relative to those who are on other waiting lists of the housing authorities.

Mr. Philip: Maybe I am missing something and maybe there is something lacking in my mathematics, but it seems to me if A moves to B or is transferred to B and occupies unit B, he creates a vacancy in A, which in turn can house some other person who is on the waiting list. So I find it a little hard to accept the explanation that somehow, because there is a long waiting list, some guy cannot be granted a transfer. The unit he vacates is then open for somebody who is on the waiting list.

Mr. Beesley: As you are aware, there are currently three basic grounds for transfer. I think what you are suggesting is that the grounds for transfer should be expanded. Certainly the way most housing authorities operate is they have a list of approved transfer tenants and a list of eligible applicants. The eligible applicants are prioritized based on a housing priority system, a point rating. When a vacancy does occur, the housing authority usually offers it to somebody at the top of the housing priority list waiting to be housed, and on a rotational basis the next vacancy goes to a transfer applicant. So there is some movement of people in the housing authority system as you suggest.

Currently, those three grounds are: First, if the family or the tenant is either in an overhoused or underhoused situation; second, if they need to move to be closer to their place of employment;

or third, if for health-related reasons documented by a medical doctor a move is in their best interests.

Mr. Philip: Let us go through those reasons then. I would like to discuss those with you.

One of the reasons for granting a transfer is supposed to be for health-related reasons, yet people who apply for a transfer on those grounds may be told the reason they are not being transferred is they are adequately housed. Is that not correct?

Mr. Beesley: I could not answer. We are not privy to the correspondence that would go out between a housing authority and a person applying for a transfer. I do not see that they would tie two reasons together. Either they are eligible for a transfer for health-related reasons or for one of the other two reasons I mentioned, to be closer to their place of employment or occupying a unit that is either too small or too large for their family size.

Mr. Chairman: Mr. Philip, do you have a number of other questions?

Mr. Philip: Yes.

Mr. Chairman: There are several other people on the list. We are still on the community housing vote, so we still have a lot to go through. Do you have a series of questions?

Mr. Philip: I have a series of examples of some of the atrocities committed against people by what I consider to be the arbitrary actions of the Metropolitan Toronto Housing Authority.

9 p.m.

Mr. Taylor: "Atrocities" is pretty extravagant language. I have not butted in here and I have listened. I am on the committee and if I take longer than you think I should, then I am reminded of that.

If you want, I will give you examples of transfers in my riding where they are very accommodating. I get people from Metropolitan Toronto coming into Picton and Napanee to subsidized housing and they are welcome. That does not mean the local people should vacate our accommodation to accommodate transfers from Toronto because there is some affinity for Prince Edward county or for Lennox and Addington. It cuts both ways.

We have other votes tonight. We have the whole rental thing, rent review. I do not think it is necessary to take too much time on this.

Mr. Chairman: Mr. Taylor, you interrupted me in mid-ruling. I was about to suggest, Mr. Philip, that we move on to Mr. Guindon, who has been very patient. Then, if you still want to

pursue it for a short period of time after that, we will come back to you. I think it is only fair, though, to let Mr. Guindon—

Mr. Philip: I will be quite happy to pursue it in the standing committee on the Ombudsman. I am sure the Ombudsman will be quite happy to pursue it. I hope you will respond to his report, which I think will be less than complimentary.

Mr. Guindon: I would like to go back to the Canada rental supply plan, if that is all right. The criteria you just mentioned a few moments ago involved a mixture of Canada Mortgage and Housing Corp. surveys and your own housing authority surveys.

Mr. Beesley: Correct.

Mr. Guindon: I will just pick some off the sheet here as an example. Tell me if you use the same criteria for all three or four different housing authorities, or cities, if you want. I will use Cornwall, Vanier and Renfrew.

Mr. Beesley: Mr. Wilson and Mr. Sparling pointed out in their remarks that the Canada rental supply plan was a federal program. It was introduced in these communities. I do not think I would be far off the mark if I said that it was done without a great deal of consultation with Ontario in terms of the communities chosen.

Certainly, as far as the projects selected are concerned, there is apparently at least an appearance of a failure of takeup of rent supplement units by Ontario from the 8,747. A number of these projects were not what one would consider modest housing. As Mr. Sparling indicated, the Renterprise program, which is part of the assured housing strategy, is targeted by virtue of rent and unit size to achieve modestly sized accommodation.

We considered that some of the accommodation produced under the Canada rental supply plan was expensive. The use of the word "luxury" is a temptation, but it was certainly expensive, and it was not considered by many of the housing authorities in the communities in which it was built to be meeting their particular needs or be appropriate for their specific needs. The takeup of rent-geared-to-income units, and certainly the percentage would suggest that it was quite low, was made in those communities where the units were considered suitable.

Mr. Chairman: Is it the wish of the committee to adjourn for what I suspect is a quorum call, or do you wish to proceed?

Mr. McClellan: I wish to proceed.

Mr. Chairman: Is that the wish of all the members? We will proceed, then.

Mr. Guindon: Was it your ministry that chose the number of total units per area?

Mr. Beesley: No.

Mr. Guindon: Or was it the feds?

Mr. Beesley: This was a federal program. The corporation became involved in it as far as the take-up of rent supplement units was concerned. We were not a participant in the capital cost, as we were under the Canada-Ontario rental supply plan, that came along subsequently. In that one, we are sharing in the capital costs as well as the rent supplement sharing.

Mr. Guindon: Are the figures on rent-geared-to-income housing your figures, or are they federal figures?

Mr. Beesley: These units represent the actual take-up of rent-geared-to-income units that the housing authorities are basically filling from their waiting lists.

Mr. Guindon: But it is the Ontario Housing Corp. that administers the rent program?

Mr. Beesley: Not the program as such. The Canada rental supply program is a federal program. They made the long-term, interest-free loans to those developers after selecting their particular projects.

Mr. Guindon: Okay. I am not going to ask you questions if you are not responsible.

Mr. Chairman: We have just been informed that one of the parties wishes to go in for the quorum call. It is appropriate that we adjourn until the quorum call has been completed.

The committee recessed at 9:05 p.m.

9:13 p.m.

Mr. Chairman: The committee will reconvene. When we adjourned for the quorum vote, we were completing vote 2604. Mr. Guindon, were you finished or were you in mid-flight?

Mr. Guindon: I had not finished asking my question. I have just been told Canada rental supply plan is a federal government program.

Hon. Mr. Curling: Yes.

Mr. Guindon: Why are we talking about it?

Hon. Mr. Curling: That is the same question I would have asked earlier on. We did speak about it before. You raised the question.

Mr. Guindon: Hell, if all this paper is federal, what am I doing with it?

Hon. Mr. Curling: You asked for it.

Mr. Guindon: I got it. Thank you.

Mr. Chairman: Are there any further comments on vote 2604, items 1 and 2. Carried?

Items 1 and 2, inclusive, agreed to.

Vote 2604 agreed to.

On vote 2601, ministry administration program:

Mr. Chairman: The minister would like to make a brief opening statement on vote 2601.

Mr. Gordon: Just one comment before the minister begins. I asked a number of questions. Is this going to come up?

Hon. Mr. Curling: Yes.

Mr. Gordon: Fine. Thank you.

Hon. Mr. Curling: At our last meeting on Thursday, I responded to those questions dealing with housing supply, as these fell appropriately under the community housing vote. What I would like to do now is take a few minutes of the committee's time to respond to some issues raised about rent review.

I should point out, however, that many of the issues relate to Bill 78, which details the new rent review process. As members are aware, a clause-by-clause review of this bill will take place in committee, where members will have ample opportunity to discuss the matter. Nonetheless, there are one or two points I would like to raise this evening. The first is on the progress which has been made by the Rent Review Advisory Committee.

This committee was formed in December. It is co-chaired by William Grenier, chairman of Pagebrook Holdings Inc., and Mary Hogan, director of Parkdale Community Legal Services, on behalf of tenants. The committee is composed of equal numbers of landlord and tenant representatives. The purpose of the committee is to provide me with policy advice on legislative and procedural changes which would benefit landlords, tenants, the development industry and the public.

At this point, just over a month after its formation, the committee is moving forward quickly. I was asked how many times it had met. The committee has already met three times. It has established seven subcommittees to examine major rent review issues.

I look forward to hearing the recommendations of the committee in these areas. Landlords and tenants working together towards common solutions is an integral part of our housing policy.

The Rent Review Advisory Committee represents a very positive step in developing a system of rent review which is fair and equitable for all. The committee will carefully consider all of the issues. I am confident this consultation process will prove to be most successful.

I would also like to discuss the response of the private sector and others to our assured housing policy. This is something in which my honourable friend Mr. McClellan will be quite interested.

Last Wednesday we announced a proposal call, which you have discussed here, for our new Renterprise initiative, which is aimed at constructing some 5,000 new rental units in 31 areas across Ontario. I know some of this has been discussed already, but for the record, I will set it straight.

It is interesting to note that in the four days since the advertisement appeared and in response to hundreds of calls from the private sector, my ministry sent out more than 350 kits outlining the program to interested developers, and the calls are still coming in.

Mr. McClellan: Why would you be surprised about that? It is free money.

Hon. Mr. Curling: Again, we requested that rent-geared-to-income housing should have 40 per cent.

Clearly, this very positive early response indicates a high degree of interest in our initiatives by the private sector.

Finally, let me state again that many of the substantive issues related to the new rent review system will take place in committee during second reading of Bill 78. I know members will take that opportunity to state their opinions of the legislation, which would be the proper forum in which to do so.

At this point, if members of the committee wish, Michael Lesurf, the acting director of the corporate planning and evaluation branch, is available to give a presentation outlining the major changes we have proposed to the rent review system.

Mr. Chairman: Before we proceed with Hollywood North, are there any questions by members on this particular vote, or do you wish to proceed with the presentation?

9:20 p.m.

Mr. Pierce: I would like to ask the minister a question. I note with interest there is only one member of the committee, as I see it, who represents the whole of northern, northwestern and northeastern Ontario, save and except for Ottawa, if you could call that northeastern. That individual is a legal worker for the Kinna-Aweya Legal Clinic in Marathon. All of the other representatives on the committee are Toronto-based or from London, Ottawa or Mississauga.

Mr. Chairman: That question is certainly in order, Mr. Pierce.

Mr. Pierce: Who is representing the people of the rest of Ontario, other than Toronto, Ottawa and London?

Hon. Mr. Curling: We also have representation right across the province in a very huge committee. I think the criticism would come regardless of what committee we formed.

Mr. Pierce: I am asking the question about this committee, not of any committee you want to form.

In fact, let me bring to your attention a letter written to you by a Mrs. G. Knox of Marathon, Ontario, asking for some clarification. When she called Pilar Amaya-Torres and asked her about some problems she was having as a landlord, the lady told her she did not deal with landlord problems, only with tenants' problems, and she would have to contact somebody else in the ministry.

Hon. Mr. Curling: She wrote to me? Did I respond to her?

Mr. Pierce: No, not to my knowledge. You have not responded to her yet.

Hon. Mr. Curling: I am informed that the letter only reached me yesterday.

Mr. Pierce: It was received by me on January 30. The letter to you was datelined January 22. If you are only getting your mail that late, I cannot attest to that, but she has written to you.

Mr. G. I. Miller: We are not too much out. It is only February 4.

Mr. Taylor: What is the turnaround time?

Mr. Pierce: The delivery of the mail is really immaterial. The question is the representation on the committee. In fairness, I have not received an answer. Is that the only representative on the board from northern Ontario?

Hon. Mr. Curling: I will have to take another look.

Mr. Pierce: Maybe I could lend you a copy of mine.

Hon. Mr. Curling: I am advised that this person is the only one from the north.

Mr. Taylor: For clarification, are there problems only in Toronto? If you weight that list, it would seem this whole area of rent control should be a municipal operation, because the problems seem to be centred in Toronto, if you weight-list that in terms of the number of representatives.

If it is a province-wide problem, I think the point is being made that there should be

representation from all regions of Ontario. It should not just be weighted in favour of Toronto.

Mr. G. I. Miller: That is why we have members all around Ontario. Are you not supposed to represent the areas? Can you not get back to your area?

Mr. Taylor: Yes, I do. Obviously you were not listening, because you just came in. If you want to appoint me to this committee, I will represent my area.

Mr. G. I. Miller: No, it is the member's area and he is supposed to look after his people.

Mr. Taylor: Not on this committee. We are talking about membership of this committee.

Mr. Chairman: I understand Mr. Pierce has finished the point he is making.

Hon. Mr. Curling: I think that point is well taken. You are concerned that you may not have proper input there. The committee can receive any deputation on the concerns of the north. They can make their recommendations to the committee.

Mr. Pierce: Let me ask you this again. When this particular person, who is a representative on the committee now, and has been appointed by you as a minister, was asked by a landlord to consider some of her concerns, she said she does not deal with the landlords, she only represents the tenants.

Is that the makeup of the committee, in the structure of seven-seven, or whatever it is, that some of the members will listen only to the concerns of one body and represent only that body? Do they not as a committee collectively gather the information and take it to committee for report?

Hon. Mr. Curling: I cannot respond to that. I do not know whether that is the point of view of that representative on the committee and she is responding that way.

Mr. Pierce: Perhaps I could draw your attention to a news article in the *Marathon Mercury* on Wednesday, January 15, after the appointments. It says:

"Amaya-Torres is the only member of the committee who resides north of Ottawa, but she feels she has no mandate to represent anyone other than tenants. She does say that she has a responsibility to point out the special circumstances that exist in this community and the differences of living in Toronto and northern Ontario, which she says are primarily cost and services."

Since she is appointed by your ministry, it is obvious she had been given direction from your

ministry to represent tenants only; and she represents all of northern Ontario.

Hon. Mr. Curling: As I mentioned, there will be ample time for public presentations when Bill 78 is discussed.

Mr. Pierce: That is not the question I am asking. I am asking the minister whether this is the only representative for landlords and tenants for all of northern Ontario.

Hon. Mr. Curling: I believe I responded to that. I told you, yes.

Mr. Pierce: Did the minister structure the committee?

Hon. Mr. Curling: Yes.

Mr. Pierce: The appointment of one person is the attention the minister wants paid to all the landlords and tenants in the north. Obviously it is because the minister structured the committee.

Mr. South: We have only one member up there, Mr. Pierce.

Mr. Pierce: I would expect the representative to come from Hearst.

Mr. South: We figure there are no Liberals up there.

Mr. Taylor: We have a very large province and the issue of rent controls is a province-wide issue. I know its importance varies from region to region. Do you not think when people are appointed to a board with an equal number of representatives of landlords and tenants—and that is the composition announced—there should be a balance of representation from that region between landlord and tenant? That is the point my colleague is raising. To say the ministry has a representative in the north is only half correct because that representative has been announced as a representative only of the tenants and will not even entertain submissions from landlords. That is hardly evenhanded representation on a committee. That is the point being made and, in fairness, it is being well made.

Hon. Mr. Curling: It is not fair to say that if landlords make representation to the committee, because there is no northern representation there, that they not be accommodated. I think that is the point you are trying to make.

Mr. Taylor: No. There surely must be province-wide representation region by region on your committee so whatever is done is representative of the province as a whole. Then there must be a balance on that committee between landlords and tenants so the report is not biased and there is a basis for exchange and accommodation.

If the regional representation is for tenants only or for landlords only, there is biased regional representation. That is apparent. There is an example here where a person in that region—correct me if I am wrong—

Mr. Pierce: You are right.

Mr. Taylor: —made a submission to the representative of that region for the committee and was told, "I am a representative only of the tenants and not the landlords and therefore cannot receive your representation." That is hardly an evenhanded way of dealing with the problem. It attacks the credibility of that committee. That is the point. If the committee is going to have credibility, surely there must be a balance. In fairness, it is a point well made and should be accommodated and adjusted.

9:30 p.m.

Hon. Mr. Curling: I think the point is well made. If we see, on balance, that landlords are not being properly represented in the north, I can easily accommodate a landlord representative from the north on the committee.

Mr. Taylor: The other part is that there may be a need for more balanced regional representation of landlords and tenants from different parts of Ontario. I appreciate that the emphasis is on Toronto. It appears at a glance that the issue is mainly a Toronto issue because of the weighted representation from Toronto. That point is being made as well.

Mr. Gordon: To go back to what Mr. Taylor was saying. I think there are about 14 members on that committee at present. If it were done on a regional basis, there could easily be one from northwestern Ontario. Certainly there should be somebody to represent the northeast, which has almost half a million people living there. When one considers that northern Ontario makes up about 85 to 90 per cent of the land mass of Ontario, surely we deserve some representation.

Hon. Mr. Curling: By land mass.

Mr. McGuigan: From the way it has been described, the person representing the north has a misconception of the position. To say she simply represents one side of the issue indicates that person needs a little instruction. Members who represent constituencies represent all the people, not just those who belong to one party, and in most cases they carry out those duties pretty evenhandedly.

Mr. Pierce: The landlady in question who approached the lady on the committee found the answer was not acceptable and followed it up. She talked to a Mr. Segal in the ministry office,

whom she was instructed to call, and asked for confirmation of the statement made by Amaya-Torres that she has a mandate to tenants only. She said, "This could not be confirmed by your ministry, and I was advised to write to you."

People in the ministry do not know what the makeup of the committee is and what the mandate is of individual representatives on the committee either. In fairness, the woman may have a case.

Mr. McGuigan: I do not think it is the intention of the minister that the person not represent everybody. That person probably needs a bit of instruction.

Hon. Mr. Curling: Mr. McGuigan's point is well made; I think instruction is needed. The person who sits on a committee is not representing only one side, but is looking at all issues. The committee will get this instruction accordingly. I will take that concern to it.

Mr. Gordon: That is just the point I was going to make; I wanted to give the minister some good advice. I am sure his parliamentary assistant has a very heavy work load and is a very political person.

Hon. Mr. Curling: I do not have one.

Mr. Gordon: The minister should ask for one and send his assistant to talk to that lady.

Hon. Mr. Curling: In the next election, you will find we will have all the problems—

Mr. Gordon: Now you are getting cocky, eh?

Mr. Chairman: Are there any questions before we proceed to the presentation? If not, let us proceed.

Mr. Lesurf: I would like to take a few minutes to present a brief overview of some of the background pertaining to rent review reform as well as to identify some of the main features of the proposed legislation, Bill 78.

As to the background, I would like to say a few words about the following areas: the consultation and research undertaken by my branch and the team that was put together to look at rent reform; the residential rental market in Ontario; the need for additional rental housing, and various concerns raised during our consultation and research procedures.

With respect to rent review and reform, we undertook an extensive series of meetings with various tenants, tenant associations, landlords, financial institutions, members of council and so on. This was with my branch as well as the minister and his team. We travelled to Quebec and Manitoba to review the systems of rent review in those provinces.

We took a look at the recommendations of the Thom commission as well as the various testimony and papers presented there. In a couple of instances we hired consultants to look at a number of issues such as the rate of return for post-1975 buildings.

We reviewed a number of other regulatory processes which exist, such as those under the Income Tax Act, the municipal boundaries negotiation process and the assessment review process, to determine whether or not we could come up with a few ideas to make the rent review process a little better. As well, we did some forecasting pertaining to housing needs, work load increases and costs, depending on which options the government chose to follow.

Let me provide you with a few of the details. During the process, several concerns were identified. There is the need for continuing tenant protection under rent review, there is the continuing need for affordable rental housing and a concern that the private sector should be involved in providing future private rental accommodation.

In all cases, the landlord and tenant groups indicated that they felt we needed a new spirit of co-operation and a chance for them to have input into the process. Overall, it was indicated that we should take a good, hard look at the current rent review system and perhaps make a number of reforms to that system. Needless to say, the Treasurer had several concerns about fiscal responsibility.

In regard to the current rental market in Ontario, I would like to point out a couple of things we are looking at. We did some research on the number of units in Ontario, as best we could find. We split those between the currently controlled and uncontrolled sectors. The idea is, as we extend rent review to post-1975 buildings, we want to get an estimate of the numbers of units that would be coming under control and what implications that might have on work load and additional costs.

In addition, we wanted to look at the sizes of the buildings and to get an idea of the numbers of large and small landlords. I was surprised, when we did this research, to discover the large number of small landlords in the province with one-unit or two-unit apartments.

In looking at that problem, we, along with many of the landlords and a number of the tenants, thought that perhaps we needed a different system of rent review; that we needed some helpmates in the field. Since so many of those small landlords and their tenants are not as

sophisticated as the tenant associations or the larger landlords, perhaps we need this different system to educate that market.

9:40 p.m.

As to the housing market in Ontario over the next few years, the minister mentioned the other day that we had projected a need of about 69,000 units per year over the next three or four years. Due to net migration into Ontario, changes in family composition, as well as a backlog that currently exists, and the strong ownership market, we anticipate that as many as 54,000 units per year will be built. That leaves us a balance of approximately 15,000 units per year that we are hoping will be built in the residential rental market.

In attempting to come up with a series of initiatives to help achieve that balance, the minister introduced an assured housing policy in Renterprise. This, and reform of rent review, are all part of the initiatives to help achieve that balance.

One of the key things is that the current vacancy rate in the residential rental market is one per cent or less across the province in all major centres. Basically, that tells us we do not have any excess capacity at the moment. We need those units to be built.

In addition, an earlier study undertaken by the ministry identified the growing need for maintenance of the existing low-rise stock. This was a major concern to us because, as we reviewed the current system, we felt there were a number of disincentives in the rules pertaining to capital maintenance. We wanted to address this problem, not only in the minister's initiatives dealing with grants for maintenance and projects, but also in rent review itself.

As to our consultation process, there was a series of items pertaining to the administration of the system that we, as well as tenants and landlords, were concerned about, the first being the accountability of the minister. Under the current legislation, most of the responsibilities are in the hands of the Residential Tenancy Commission and very little is in the hands of the minister. There was this feeling that perhaps he was not as accountable for the rent review program as he should be.

In addition, there were a number of complaints—again, both from landlord groups and tenant groups—pertaining to what I call a separation-of-powers issue, where you had a quasi-judicial body with responsibility for advising and educating the public on rent review, as well as setting the policies and guidelines

pertaining to rent review. It had the responsibility for the enforcement of the act, as well as the judicial hearing process itself.

There were a number of concerns about getting fair justice when the same group has all these responsibilities under one roof.

Again, the process itself was viewed by many of the groups as adversarial. You ended up in a court-like, confrontation-type setting. This became very important to us, as I indicated later, due to the large number of small landlords the current policies will now bring into rent review with the introduction of the rent registry and so on. That issue became very important.

Another issue that everybody was concerned about was the uncertainty of the existing system. Under the current rules, the commissioners have a great deal of discretion in determining the outcome of a case. There was a feeling that the guiding rules should perhaps be by regulation and that there should be input from the landlords, tenants and so on, into that process.

Another concern was that the process was slow. We did take a look at a number of those figures. I can show this overhead here. These figures came from the Residential Tenancy Commission's annual reports. It took an average of 182 days for a whole-building-review decision to be made, from the date of application of the order, and an appeal taking an additional 190 days.

There was, again, a feeling among both landlords and tenants that this created a number of hardships and that perhaps we should be thinking of ways and means of speeding up the process.

With those problems in mind, the minister introduced a package pertaining to rent review reform. Generally, the major features fall under three categories. There are, first, what I call an extension of the act; second, the computation of rental increases: a number of changes in the rules pertaining to the computation of rent and rental increase; and, third, a number of changes pertaining to the administrative system and structure.

I will take a couple of minutes to point out the major features under each category.

Pertaining to the extension of rent review, it is being proposed that rent review become a universal system and apply to all private residential rental buildings, so that it will pick up the post-1975 buildings. It will also extend to units renting for \$750 or more, those that were currently exempt.

In addition, the minister has introduced an amendment to the current act to close a loophole pertaining to apartment hotels. I think there were a number of situations identified where apartment buildings were being converted to quasi-hotel status in order to avoid the rent review legislation.

The minister is also bringing about a task force pertaining to the problems related to roomers and boarders, as to whether or not we can extend the act in that area.

Pertaining to the computation of rental increase, I will go over the major features there. For 1985-86, we will introduce a four per cent guideline. The five per cent cap on refinancing will become a permanent feature of the legislation. The minister has introduced a cost-no-longer-borne mechanism for financing costs.

There is a series of other key features. After 1986, the minister is looking at the possibility of introducing a flexible guideline that would be related to some kind of cost index. He is also introducing an operating allowance. This is basically a feature related to speeding up the hearings whereby, rather than having a landlord approve every invoice at a hearing pertaining to his operating costs, we might just say, "You have the option of either a lump-sum allowance or approving each item."

We have introduced a concept called the elimination of economic loss. This would be, basically, the return on your investment. It would also allow you to recover any financial losses you had incurred.

Due to the problems related to the deterioration of maintenance in low-rise buildings, the minister has asked us to take a look at the present treatment of capital expenditures as they relate to apartment buildings and rent review.

The minister has also indicated that, due to a number of hardship situations brought to his attention during the consultation process, we are to take a look at any chronically depressed rents. I might add that the rent review advisory committee is deeply involved in all those issues. It is coming up with mechanisms on which it might operate.

As to the organization of the system, the minister will retain a hearings board so that any tenant or landlord who wishes to go through a court-like process may so do.

In order to solve the problem of input pertaining to tenants, landlords, and other parties who might be interested, he has introduced the rent review advisory committee to advise the minister. It ensures public representation and is

to become a valuable instrument in the formulation of policies pertaining to regulations and so on.

9:50 p.m.

He has also introduced a new rent review division, which has three basic branches. There is a policy branch, which will work with the advisory committee in taking a look at a number of the outstanding issues, a rent review administration branch which will have an education advisory role in the field, will allow access by tenants and landlords to the rent registry and have the responsibility for the first-step process in the new rent review package, and a universal rent registry which the minister will be introducing in two phases.

Mr. Chairman: Thank you, Mr. Lesurf. Are there any questions?

Mr. Gordon: How did Mr. Lesurf determine the percentage used to eliminate the economic loss for landlords?

Hon. Mr. Curling: Could Mr. Church answer that?

Mr. Church: Determination of the rate of return grew out of both the consultation processes we were involved in throughout the summer and some of the academic work that was done for the Thom commission, which coincidentally was at the same time.

Principally, our target was to ensure that rent review permitted a fair and reasonable return on new investment basically for those buildings built since 1975; they were built under the assumption there would be no rent review. To do that, we ended up having to identify the kinds of factors that investors considered gave them confidence to invest in this kind of market. It basically boiled down to recognizing that there was a hard-cash equity investment in the building and that was what investors were looking at in the rate of return.

Because of the unique characteristics of real estate investment, it is possible to construct a rate-of-return scenario that is attractive to corporations and small investors that is substantially below what would be expected on any other kind of investment: capital appreciation, capital cost allowance, a variety of other mechanisms. It became fairly obvious to us as we began discussions that a rate of return substantially below other equally high risk investments would attract considerable capital investment.

As yet, we have not recommended to the minister, nor has the minister recommended to cabinet, what that rate should be. That is on the

table of the rent review advisory committee. We have indicated to both tenants and landlords our view that it falls between eight per cent and 12 per cent per annum.

Mr. Gordon: Is part of the manner in which this package has been put together based on what the landlord can look to from an income tax perspective?

Mr. Church: Indirectly. We made no effort to try to guess what an individual investor's income tax situation might be. It will range all over the landscape. It is clear that a substantial reason for investment in real estate is a down-the-pike return, a willingness to take early-year losses—in fact it is almost mandatory and happens as a matter of market pressures—combined with an appreciation that seven-, eight-, 15-, 20-years down the road the carrying cost relative to rent will be relatively low. That is unique to rental property. The taxation system has some impact on the willingness to invest.

Mr. Gordon: So the return we just talked about was eight to what per cent?

Mr. Church: Eight to 12 per cent. We are aiming somewhere around 10 per cent.

Mr. Gordon: Does that take into account the income tax situation?

Mr. Church: That is leaving income tax out of the picture. Most corporations would see that as providing a rate of return substantially higher than that after taxes. I should not speculate, because it depends so much on the tax situation, but in some of the scenarios we ran through with some of the accounting firms—and we did several of those—we were looking at effective rates of return that would be competitive with a 13 or 14 per cent investment. We are getting into an area where we think we can attract capital to that kind of market that would be attracted to other equally risky ventures.

Mr. Gordon: Is that built into the bill or are you working on that formula?

Mr. Church: The concept built into the bill is that there will be a regulation providing for a maximum rate of return to be provided as a maximum legal rent. The market obviously has to be able to sustain that maximum rent or it will not be charged. All the evidence now is that at least in the early years of a building, the market will not permit that kind of rent. It will have no immediate impact on rents. The impact will be down the pike.

Mr. Gordon: However, you are still working on a formula; it is possible.

Mr. Church: The actual figures are still being discussed, but the formula itself is established and is in the Assured Housing for Ontario policy. The formula basically is that the maximum legal rent will equal the invested equity times the rate of return or economic loss factor, plus the capitalized losses in the project times that same factor, plus the operating allowance increase that Mr. Lesurf referred to, plus any financing cost increases, and obviously divided by a number of units. It is a slightly more complicated formula than that because of the different rental rates of various units, but that is the basic concept.

Mr. Gordon: I understood every word you said.

Mr. Church: I bet you did, too.

Mr. Pierce: On page 3 of the presentation there are the words "extensive series of meetings with tenants, landlords and others." Can you give me an idea where these meetings took place, when they took place and whom they took place with? I would be very interested to know whether meetings were held in the remote northern communities or were they all in the high-density areas.

Hon. Mr. Curling: Do you mean who we spoke to in the consultation process?

Mr. Pierce: Yes. Where, when and with whom? I have heard the words "extensive series of meetings" for the past couple of months, yet I have not seen any advertising of any meetings in my area of northwestern Ontario.

Mr. Church: The meetings we had essentially fell into three kinds. The minister himself had a number of consultation sessions, one of which was in Sudbury. We also met formally with a large number of groups that were invited to see the minister in his office. They represented national, provincial and local interests, and international in at least one instance, principally in three categories—the building industry, the supporting industries to the building industry and the tenants.

The major province-wide meeting held from the tenants' perspective involved a large number of people from northern Ontario, more because of the way it was organized than anything else. Although it was held in Toronto, we paid the travel costs of those tenants. I think there were in the vicinity of 30 meetings held in that category. I stand to be corrected, if anybody on the staff wants to correct me. The minister held about 30 meetings with his various advisers.

In addition, the staff held a number of meetings. Formal meetings were probably in the

neighbourhood of 50 or 60—would that be fair guess, Mike?—as well as hundreds of informal sessions and conversations.

We also had somewhere in the neighbourhood of 2,000 pieces of correspondence during this period that were treated as input. There was a heavy period of public involvement and consultation. We found this was a subject for which we really did not have to go out and beat the drums to excite comment on.

10 p.m.

Mr. Gordon: In the minister's review of the apartments that had chronically depressed rents prior to 1976—I think there was a statement about the assured housing that about 70 per cent of the tenants could well afford to pay significantly more rent. Where did that figure come from and what report is this based on? Are you going to give a means test to tenants? Exactly what is the situation?

Hon. Mr. Curling: I am going to ask Mr. Church to address that.

Mr. Church: Virtually all the information we have on affordability and rents comes from two separate sources, the same information you have heard throughout these estimates—Canada Mortgage and Housing Corp. surveys and statistics, and the low-rise study the ministry has done. We should be clear about that statistic. We are saying that in the stock where chronically depressed rents are typically found, the large majority of tenants are not paying 30 per cent of their income for rent. They are paying substantially less than that.

I think you can find estimates ranging from as low as 70 per cent to an estimate put out by the Fair Rental Policy Organization of Ontario earlier this month that suggested it was about 94 per cent that fell into that category. We have to be very careful, as no one has firm statistics on those specific buildings and this is the reason we are not leaping ahead with this at a great clip. There is a good deal of research to be done to determine what the situation is in those specific buildings, but we know those that are typical have that kind of configuration.

Mr. Gordon: You said 94 per cent. Would you expand on that a little?

Mr. Church: There is a good deal of debate concerning chronically depressed rent buildings and what percentage of people in those buildings can afford to pay higher rents, given the 30 per cent indicator. There is no question that the majority of people in buildings typical of buildings with chronically depressed rents can

pay substantially more. Whether they should and whether that is the case in those specific buildings, we do not know.

Mr. Gordon: That could be from 70 to 94 per cent of the people living in those buildings.

Mr. Church: It could be substantially less. We have to be careful about the conclusions we draw from that data. It is not sufficiently clear at this point to allow us to predict confidently what the affordability impacts will be.

Mr. Gordon: There are 913,000 of these controlled buildings, which would be on page 5, and they are broken down into small, medium and large. How many would be one to six, how many would be seven to 49 and how many would be large, more than 49? I know this is rather a specific point.

Mr. Church: It is one we have considered very closely. There is only one building in the large category that has been brought to our attention that could qualify. I say "could" because we have to look at a number of factors and we have not looked at them yet to see whether it does qualify.

Typically, the ones we have seen are in the area of five, six or seven units, with some of up to 20 and 30. The Rent Review Advisory Committee and the minister will have to deliberate considerably more on precisely how one defines "chronically depressed," apart from saying there is a problem and it is recognizable. How one defines it will have a real impact on how big that population is.

It is our view, and it is a fairly confident view, that we will see that typically the very small and the very large do not fall into that category, and that it tends to be the ones that have been actively involved in the rental business for 20 years or longer and that have between six and 20 units.

Mr. Gordon: Would this be mainly in urban centres such as Toronto?

Mr. Church: That is very difficult to answer, Mr. Gordon. It certainly is prevalent in the urban centres, but that may be because that is where the issue is most politicized. It may well be there are other areas where we will find the same situation.

Mr. Timbrell: I want to ask the minister, and not the deputy minister or assistant deputy minister, for his definition of "economic loss" and what it is he thinks is the problem to be addressed, given the statements he issued in December that have been alluded to tonight. Can he also define what he, the minister—not the deputy and not the assistant deputy—considers to be "chronically depressed rents"?

Hon. Mr. Curling: Economic loss comes about basically when someone makes any type of investment and is losing on it. This is something that has to be addressed. We realize that the rental market is an investment for the private sector. Putting money there, and finding out that over the years he has got nothing in return on his investment, means that economically he is losing.

Mr. Timbrell: What kind of return, minister?

Hon. Mr. Curling: I think, as Mr. Church indicated, that we are talking about a fair return.

Mr. Timbrell: What do you think is a fair return?

Hon. Mr. Curling: As I have said, and as Mr. Church said very explicitly, a fair return is something to be worked out.

Mr. Timbrell: No. What do you think? As Minister of Housing, you have issued a statement entitled Assured Housing for Ontario, which you have said both in and outside the House is going to give confidence to the private sector to build the necessary housing units in Ontario. What do you think is a fair return?

Mr. McGuigan: If you had been here three minutes ago, you would have heard the answer yourself.

Mr. Timbrell: I was here three minutes ago.

Interjection: No, you were not.

Mr. Timbrell: I was here 18 minutes ago.

Mr. McGuigan: All right; 19 minutes.

Mr. Timbrell: Normally, the member for Kent-Elgin (Mr. McGuigan) is a very fair man and wants to get to the truth. I want to know what the Minister of Housing thinks is a fair return.

Hon. Mr. Curling: If I knew what a fair return was, I would not have set up a committee to work out a fair return. The honourable member is asking me what I think. I think we are working out what is fair. We are working in a committee structure to find out what a fair return is. You want to know my view, as you say. I am not prepared to give you my view.

Mr. Timbrell: Do you have a view?

Hon. Mr. Curling: I have a view, but I will reserve my view until I see all the findings the committee works out. Then I will make that judgement. If the member had been here the first day, he would have seen that we have capable people within the ministry.

Mr. Timbrell: I am very familiar with their capabilities.

Hon. Mr. Curling: Having worked there and having an understanding of what goes on, you will recognize that I would use these capable people plus the advisory committee. We will work out that formula.

Mr. Timbrell: In your answers in the House in December, you alluded to assurances to the private sector when you told the House it had confidence in your program and would build. With respect to the questions of economic loss and chronically depressed rents, to use your terms, what assurances have you given the private sector as to what it can expect with respect to future rent increases?

Hon. Mr. Curling: I gave them the assurance they would be treated fairly and justly and that we would disclose all the information and work together in confidence. That was the assurance.

Mr. Timbrell: I am sorry. In confidence?

Hon. Mr. Curling: Yes. I meant dealing with the issues openly and up front.

Mr. Timbrell: What kind of returns did they ask of you and what kinds of returns did you indicate could be expected?

Hon. Mr. Curling: They did not ask for any returns, as a specific number. They asked to be treated fairly. Perhaps this will indicate to you the kind of confidence they have. When we were working on this assured housing policy, we brought them in and showed them exactly what we were doing. There were no secrets. That is perhaps why we had no leaks, so to speak.

Mr. Timbrell: That you know of.

Hon. Mr. Curling: We told them, "Here are the issues we are dealing with and here are the problems we have."

I am quite sure that with your experience, your brilliance as a politician and your intelligence, you could not resolve the problems we have, quickly, in the time you were there. You realize too that I have to come up with all the answers. That is why we are working with the committee, to bring about the solution to these problems.

10:10 p.m.

Mr. Timbrell: I do not think anybody expects the minister to come up with the answers quickly, but we would like to know his definitions of "economic loss" and "chronically depressed rents." My constituency is comprised 60 per cent of tenants, many in fairly old apartment buildings in East York and portions of North York. My constituents and I would like to know your definition of "chronically depressed rent" so we can have some idea of what to expect next year

and in the coming years as a result of your promises. What is your definition of "chronically depressed"?

I have been approached by landlords, as the minister may have been in his short time as a member of the House. I am thinking particularly of so-called small landlords, people who own one building of whatever size, whether it is a six-plex or something of 30, 40 or 50 units, who express concerns about their return on their investments. I would like to know what your definition is and what your indication is to them and through them to their tenants of what to expect for increases this year and in years to come.

Hon. Mr. Curling: We have discovered that some landlords have only chronically depressed rents. Some landlords are constantly losing, as they would say, by subsidizing their tenants because they are putting more money in than the rent they are getting. The process did not accommodate them to increase their return to recover what they were putting in. We told the landlords outright that we identify with their situation.

You ask what must you tell your tenants. Tell them that whatever formula comes out, we will make sure there is no increase in their rent that would put them in an economically bad position.

Mr. Timbrell: Put whom?

Hon. Mr. Curling: The tenants. You were asking, "What can I tell the tenants?" You can tell the tenants that whatever formula comes out, in the sense that you say there are returns, as I expressed it to you, the returns are the investments the landlords are making on their buildings. They are not getting back a sufficient return to make a profit. They are subsidizing the tenants.

Mr. Timbrell: Are you saying you are not going to put the landlords in an economically disadvantaged position or you are not going to put the tenants in an economically disadvantaged position?

Hon. Mr. Curling: Exactly. We have to come up with a formula that puts neither of them in that position.

Mr. Timbrell: Let us deal with the landlords first. What return do you think is sufficient to assure landlords, who hold properties of whatever size, that they will not be managing and/or owning properties that fall into your definition, whatever it is, of "chronically depressed"?

Hon. Mr. Curling: As I said, the committee is looking at that.

Mr. Timbrell: You do not have any idea of what that might be?

Hon. Mr. Curling: No.

Mr. Timbrell: You have no idea at all?

Hon. Mr. Curling: No. That is why we have a committee set up to examine it.

Mr. Timbrell: I see; that committee is going to come up with a formula that will assure landlords who hold properties of whatever size that their properties will no longer be chronically depressed from their point of view as landowners and/or investors. Is that right?

Hon. Mr. Curling: How we identify those who are chronically depressed and how we deal with them will be done by the committee and the formula will be developed.

Mr. Timbrell: Whatever the committee comes up with, you are going to accept. Is that right?

Hon. Mr. Curling: Not necessarily.

Mr. Timbrell: What guidelines have you given them?

Hon. Mr. Curling: As I said, we identify the problems—

Mr. Timbrell: What did you define as the problem and what did you tell them is the problem? What guidelines did you give them?

Hon. Mr. Curling: I just described the problem to you.

Mr. Timbrell: No, you have not.

Hon. Mr. Curling: I described the problem where landlords seem to be supporting tenants because they are putting more money in and not getting a return.

Mr. Timbrell: That is sort of a generic problem. That has been alluded to for 10 years by landlords. What guidelines did you give to the committee with respect to its examination of these complaints from landlords from the point of view of landlords and/or investors or tenants?

Hon. Mr. Curling: The guideline was just basic, as I said. We identify the problem and deal with it, or we can address that problem.

Mr. Timbrell: From whose perspective?

Hon. Mr. Curling: From both perspectives, from the landlord's and the tenant's perspective. It is made up so they can examine both sides of it.

Mr. Timbrell: What advice has the minister given tenants in these buildings regarding the proposed four per cent increase in rents, a policy subscribed to by all parties in 1986? Is the minister telling them that four per cent is the rent increase they can expect? Or is he telling them it

is four per cent plus something yet to be defined, either by you—and you have told us you do not have any particular views in that regard—or by this advisory committee?

Hon. Mr. Curling: You know that previously the four per cent and the six per cent were guidelines. Many landlords who went to the Residential Tenancy Commission were receiving more than that. We are saying that the guidelines we saw for the chronically depressed should deal with that, because the RTC did not deal with the returns. We are saying that those landlords who never move above the line where they are subsidizing tenants must be looked at. We are saying that those are the guidelines, to look at those so that landlords will not constantly support tenants at a loss.

Mr. Timbrell: Is the minister saying to these tenants that in 1986, next year or in years to come, they can anticipate rents close to market rents—that is, rents that those who construct new buildings in 1986 would demand on the basis of investment and construction costs or on some other basis?

Hon. Mr. Curling: I am not saying that at all.

Mr. Timbrell: What are you saying to them?

Hon. Mr. Curling: I am saying they must identify their problem so we can deal with it.

Mr. Timbrell: You will appreciate that is cold comfort to the 19,000 rental households in my constituency. They do not know what you mean and they are not at all sure that you know what you mean. What does it mean?

Hon. Mr. Curling: I know what I mean.

Mr. Timbrell: What is it?

Hon. Mr. Curling: I just told you. Finding a solution to this is the reason for setting up the Rent Review Advisory Committee to look at these things. Do you want me to give you specific jumps in rents?

Mr. McGuigan: He is asking you to pick a figure out of the air.

Mr. Timbrell: No, not at all. The member for Kent-Elgin and the member for Haldimand-Norfolk (Mr. G. I. Miller), who were usually fair people when they were in opposition and who are now trying to defend the minister, might want to listen for a while because—

Mr. G. I. Miller: You have to use some common sense on it, too.

Mr. Timbrell: I am. This is of particular importance to a constituency such as mine, where 60 per cent of my constituents are tenants. I know we used to discuss agricultural issues, a

matter in which we share a strong mutual interest, but this is something of particular importance to my constituency.

They do not know what you mean when you talk about compensating for economic loss or for chronically depressed rents. I want to know what I should tell my constituents on Dawes Road in East York and on Tinder Crescent or in Flemingdon Park in North York about what you have in mind for them as to the guidelines you have given the Residential Tenancy Commission or your advisory committee with respect to these two areas.

10:20 p.m.

For example, my constituents who live on Tinder Crescent are immediately across a small gully from new apartment buildings constructed at the corner of Victoria Park and Eglinton Avenue, which you may be familiar with in that your constituency is not very far from mine. Are they to anticipate that if their landlords, whoever they may be, can meet the minister's definition of economic loss and chronic depression of rent, their rents will come close to those in these new buildings? If so, if I sent you a letter from one of these people or if I canvassed the lot of them, what would the minister tell them? What is the minister telling them to expect?

Hon. Mr. Curling: They can expect a very fair and just rent review policy.

Mr. Timbrell: That is wonderful, but can you be more specific?

Hon. Mr. Curling: Such as what are the details?

Mr. Timbrell: Such as what are your definitions of "economic loss" and "chronic depression of rents" so that tenants can get some idea, should their landlord come in at something more than four per cent, of whether it meets your criteria and whether they would be better in one of these newer buildings than in buildings that are in some cases 25 or 30 years old.

Hon. Mr. Curling: They can expect a rent review policy that deals with tenants and landlords very fairly and justly.

Mr. Chairman: Mr. Timbrell, would you allow some sharing of time?

Mr. McClellan: There is only five minutes left. If Mr. Timbrell wants to pursue his line of questioning, I will be back in the morning. His schedule may not be as flexible as mine.

Mr. Timbrell: Thank you very much. I want to pick up on a statement the minister made some months ago that the private sector, on the basis of

his assured housing statement of December 9, 1985, was going to build rental housing needed by my constituents, their sons, daughters and families and those of other members here. How many rental housing units does the minister know to date will be constructed in 1986 by the private sector for the private rental market?

Hon. Mr. Curling: I do not have any figures to date.

Mr. Timbrell: Can the minister then tell us how many rental housing units his officials have told him will need to be constructed in 1986 just to maintain the present vacancy rates in Ontario, vacancy rates, I remind him, that are described by everybody, whether it be CMHC, members of the House, the media or the general public, as chronically depressed? How many rental units does the minister calculate are required in 1986 just to maintain the present very low vacancy rates?

Hon. Mr. Curling: I do not have the figure at my fingertips.

Mr. Timbrell: Can one of your officials, the deputy or the assistant deputy minister, help us?

Hon. Mr. Curling: Maybe he can.

Mr. Church: For those that are not supported by specific programs, the number we are identifying is in the neighbourhood of 1,100 units.

Mr. Timbrell: For Ontario?

Mr. Church: That is out of a total of about 19,000 units for the year. You asked about the unassisted?

Mr. Timbrell: I am asking how many units are needed for the private rental housing market just to meet demand sufficient to maintain even the present low vacancy rates in Ontario. Are you saying it is 19,000?

Mr. Church: I am now being given a signal that it is 15,000.

Mr. Timbrell: To maintain the present low vacancy rates in Ontario, 15,000 units are needed in the private rental housing market. How many units does the minister expect will be constructed with your ministry's assistance?

Hon. Mr. Curling: About 5,000.

Mr. Timbrell: Your statement says 1,000 in 1986.

Hon. Mr. Curling: In 1986. I am sorry.

Mr. Timbrell: Yes.

Hon. Mr. Curling: I can get the figures for you if you want them.

Mr. Timbrell: You are saying 1,000 units, is that right?

Hon. Mr. Curling: I have not said that. I said I could get the figures for you.

Mr. Timbrell: Your statement in December referred to 1,000 units being constructed in 1986.

Hon. Mr. Curling: Unassisted?

Mr. Timbrell: Unassisted.

Hon. Mr. Curling: Yes.

Mr. Timbrell: That is 1,000 versus 15,000 needed. Can you tell me—

Hon. Mr. Curling: But there were 1,000 unassisted.

Mr. Timbrell: Yes, 1,000 of 15,000.

Hon. Mr. Curling: Needed. But what I say is that—

Mr. Timbrell: Your assistant deputy minister has already established that we need 15,000 units just to maintain the present low vacancy rates in the province. You are saying that your programs will produce 1,000 units. Where will the other 14,000 units, which are needed just to maintain present low vacancy rates, come from?

Hon. Mr. Curling: I will have—

Mr. Timbrell: No, you are the minister.

Hon. Mr. Curling: I know I am the minister. You do not have to remind me, Mr. Timbrell.

Mr. Timbrell: That is all right. I will be happy to—

Hon. Mr. Curling: If you want the answer we can get it, but you say you want the answer from me.

Mr. Timbrell: You will pardon me if, over the years, I have got used to seeing the answers come from the ministers.

Mr. McGuigan: It is still the prerogative of the minister to answer a question.

Mr. Timbrell: Yes, I understand that.

Mr. McGuigan: You cannot just say no, no, no.

Mr. Timbrell: If the minister does not know or does not understand, I quite appreciate that he might defer to staff. I would like to give the minister the opportunity again to answer the question about where these other 14,000 units will be generated.

Mr. McGuigan: It seems to me you referred to your people in Agriculture when we were—

Mr. Timbrell: Not very often.

Mr. McGuigan: You did refer to them, though.

Mr. Timbrell: Not very often.

Mr. McGuigan: You should have.

Mr. G. I. Miller: That is where you went wrong.

Mr. Timbrell: That just may be, but I seem to have survived 12 years in cabinet, which is 12 years longer than you.

Hon. Mr. Curling: If you want, I could recite to you from the statement the 6,500 provincial and federal—

Mr. Timbrell: No. With respect, I am talking about units over and above units required for assisted housing for the seniors and families with low incomes—

Hon. Mr. Curling: Over and above private assisted—

Mr. Timbrell: —over and above co-operative housing. I am talking about the number of units that are required for the private rental market in Ontario. Your assistant deputy minister, a gentleman who I know is very well seized of the issue and of the needs of the province, has told us we need 15,000 units in 1986. You tell us your program will result in 1,000 units, and I assume that is an optimistic estimate. Where are the other 14,000 units going to come from? I might even throw in my supplementary question. Where are the units going to come from over and above those that are going to result in a reduction in pressure on vacancy rates for private rental housing in Ontario, given that you have, in effect, presented yourself as the minister for assured housing in Ontario? Where are they coming from?

Hon. Mr. Curling: I told you I would have the assistant deputy minister answer it, but you do not want the assistant deputy minister to answer the question.

Mr. Timbrell: I would be happy to listen to Mr. Church and then come back to you.

Mr. Church: With trepidation, the 14,000 units are those that will be constructed as a result of a variety of government programs in the next year. The strict unassisted private market need then becomes 1,100—this is strictly recollection and is not in our current statistics—and I think that has now dropped to 900 on the basis of projected government starts to date. We are very confident in our projections that the totally unassisted private market starts required for this year will be built.

Mr. Timbrell: How?

Mr. Church: From a variety of relatively unusual circumstances that will allow apartment

units to rent in this market. I concede that they are unusual circumstances.

Mr. Timbrell: I have almost unfettered confidence in the assistant deputy minister that he can produce almost anything from anything, but even he cannot save the minister in this respect. You cannot produce 12,000 to 14,000 private rental market units from thin air. There is absolutely nothing in the assured housing statement of December 9, 1985, to give me or any other member of the House confidence. Even the member for Bellwoods (Mr. McClellan) is suppressing a smile.

Mr. McClellan: I am not suppressing it at all.

I said the same thing in my leadoff with respect to private sector housing.

Mr. Timbrell: I am sorry I missed it. Perhaps you will send me an engraved copy.

There is absolutely nothing in that statement that gives me or anybody else any assurance that the necessary housing in Ontario, even to meet or to sustain low vacancy rates, is going to be built. Your policy is an absolute unmitigated sham.

With that, I see it is 10:30.

Mr. Chairman: Thank you, Mr. Timbrell. We shall adjourn and convene tomorrow morning at 10 on vote 2601. We are adjourned.

The committee adjourned at 10:31 p.m.

CONTENTS

Tuesday, February 4, 1986

Community housing program	R-909
Ministry administration program	R-919
Adjournment	R-932

SPEAKERS IN THIS ISSUE

Curling, Hon. A., Minister of Housing (Scarborough North L)

Gordon, J. K. (Sudbury PC)

Guindon, L. B. (Cornwall PC)

Harris, M. D. (Nipissing PC)

Laughren, F., Chairman (Nickel Belt NDP)

McClellan, R. A. (Bellwoods NDP)

McGuigan, J. F. (Kent-Elgin L)

Miller, G. I. (Haldimand-Norfolk L)

Philip, E. T. (Etobicoke NDP)

Pierce, F. J. (Rainy River PC)

South, L. (Frontenac-Addington L)

Taylor, J. A. (Prince Edward-Lennox PC)

Timbrell, D. R. (Don Mills PC)

From the Ministry of Housing:

Beesley, D. J., General Manager, Ontario Housing Corp.

Church, G., Assistant Deputy Minister, Corporate Resources and Building Industry Development

Lesurf, M., Acting Director, Corporate Planning and Evaluation Branch

Sparling, C., Director, Housing Policy and Program Development Branch

Wilson, M., Assistant General Manager, Ontario Housing Corp.



No. R-39

Hansard

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Legislative Assembly of Ontario

Standing Committee on Resources Development
Estimates, Ministry of Housing

First Session, 33rd Parliament
Wednesday, February 5, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC



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CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, February 5, 1986

The committee met at 10:12 a.m. in room 228.

After other business

10:18 a.m.

ESTIMATES, MINISTRY OF HOUSING (continued)

On vote 2601, ministry administration program:

Mr. Chairman: Let us proceed with the estimates of the Ministry of Housing. There are technically three hours and 10 minutes remaining. If the committee wishes to use up that time, it has every right to do so. The minister has something he must attend at 1:30 p.m.

Hon. Mr. Curling: Yes. In Scarborough.

Mr. Chairman: If the committee wants to finish at 12:30 p.m., it is up to them. Keep in mind that three hours and 10 minutes from now is 1:30 p.m.

Mr. Gordon: I have no objection. If the minister has something to attend, we would not want to interfere with it.

Mr. Chairman: We can try to wind up between 12:30 and 1:00 p.m.

Mr. McClellan: I have to leave at 12:15, so you can do whatever you want.

Mr. Chairman: Can we have a goal of 12:30 then? Okay. When we adjourned last night we were on vote 2601, and Mr. McClellan was next.

Mr. McClellan: I want to raise some questions about one aspect of the Assured Housing for Ontario background document and that is the material on page 8 dealing with so-called "chronically depressed units," the pre-1976 buildings. We had some discussion last night, and I have lost my notes, about the concept of chronically depressed units. I confess I do not understand it.

I do not understand how the ministry has come to the conclusion, which it seems to have, that there are a group of landlords who are in a situation of, if not financial loss, at least some kind of hardship. The phrase used is "chronically depressed units." To start this discussion, could I have a definition from somebody of "chronically depressed units"?

I ask that because last night Mr. Church seemed to suggest that the definition had

something to do with tenants' ability to pay, that if a tenant was not paying 30 per cent of his income in rent, this had something to do with the definition of chronically depressed unit. I do not understand that either. Can somebody start by telling me what is a chronically depressed unit?

Hon. Mr. Curling: During our consultation many landlords indicated they could not get returns to make it valid for them to be in the business and they would much rather close the place down and walk away from the buildings.

Mr. McClellan: Right. We have been hearing that for 10 years.

Hon. Mr. Curling: I know.

Mr. McClellan: I have never seen a building where that has happened, so that is another thing.

Hon. Mr. Curling: We are taking a look at it and addressing it. Again, we tried to indicate in our rent review policy to be fair both to landlords and tenants and not to have rent review as a process only for tenants. If there are concerns in the landlord situation, we said we would look at it. The rent review advisory committee will be doing just that.

Mr. McClellan: I understand the process. What I do not understand is the text on pages 8 and 9 of the document. It does not only indicate that a bunch of landlords have been complaining that if rent control continues they are going to walk away from their buildings. People have been saying that since the 19th century. They have been saying it every year since rent control was introduced. It has not happened because property is too valuable in Metro Toronto to walk away from.

Mr. Gordon: Nobody would walk away from their own home.

Mr. McClellan: Of course nobody would walk away from their own home. So that is nuts. I am not interested in that fantasy from the landlords. I am interested in the material that appears on page 8 which states that when rent review was introduced in 1975, some buildings were locked into rent levels below market value and that consequently landlords have been prevented from obtaining reasonable rates of return despite the guidelines and the language of the Residential Tenancies Act which is clearly

designed to prevent this from happening. So you understand what my concern is, the text says:

"Typically the owners of these smaller buildings bought them with their savings and personal earnings, maintained them through sweat equity, and over the years of rent review these buildings have been caught in an unfair and deteriorating situation because the initial rents were depressed and the allowable annual increases were calculated at percentage of rents. They are renting at a position farther below market rates than they were in 1975. This has produced unfair hardship. The government is committed to alleviating those situations where chronically depressed units are evident."

The government is saying in its background document that it has accepted the argument of a group of landlords that they are unable to get a reasonable rate of return on their buildings despite the provisions of section 131 of the Residential Tenancies Act. I want an opportunity to question either you or some of your officials as to how on earth you could come to that conclusion.

Hon. Mr. Curling: May I ask Pat to explain that?

Mr. Laverty: The concept of chronically depressed rent, as was mentioned last night, is in the process of being defined not only by the government but also by landlords and tenants in the rent review advisory committee. It would be impossible for us to give you more than a conceptual definition of that today.

Mr. McClellan: Sure.

Mr. Laverty: We realize that in a couple of months we will have to define it for you with a great deal more certainty. However, the general approach involved here is a rent well below the market rent on equivalent accommodation. There are three parts to that:

(1) It is a comparison with the existing controlled market for those units that have always been controlled. We are talking about the pre-1976 units. We are not comparing them with the uncontrolled market.

(2) We are talking about a test of equivalence between the units. We are not comparing the units with the average rents of all units in the city. We are aware there are significant differences in rents either because of advantages in location or qualitative differences. It would be unfair to take seriously deteriorated housing, for example, and compare it with housing quite a bit further along the spectrum of quality.

(3) There is the question of what constitutes "well below." That will be a judgement on which

cases are in need of rectification in fairness to small landlords who have invested money and labour. As Mr. Church indicated last night, we are mainly looking at small landlords in these cases, many of whom manage their own buildings. We are going to have to consider what is fair to them.

The other half of your question dealt with the relationship to affordability. This affordability relationship is fairly direct. If we are to create within a rent review system, a methodology of increasing chronically depressed rents to a more normal market level, we have to consider the impact it would have on people in those units. We would either be creating an affordability problem or aggravating the affordability problem which already exists.

This is of great concern to us. There is a separate interministerial committee that has been set up, including our ministry, the Ministry of Community and Social Services, the Ministry of Treasury and Economics and the Ministry of Revenue, which is wrestling with the issue of how we can we approach any affordability problem caused by an adjustment to rents that might be chronically depressed from the landlord perspective.

10:30 p.m.

Mr. McClellan: That is helpful in understanding what it is you are talking about when you use the expression, "chronically depressed rent," but it does not solve my basic problem. I do not believe the situation exists in this respect. I do not believe there are landlords out there who cannot obtain a reasonable return on investment, having recourse to the Residential Tenancy Commission and the provisions of the Residential Tenancies Act.

One has to assume we are dealing with rational businessmen who are making a return on their investment at a net operating profit. I make that assumption. No one is running an apartment building, no matter how small, as a charitable enterprise. These are not nonprofit corporations. They are not getting charitable tax credits for what they are doing. These are businessmen who are running a business and presumably are getting some return on investment.

The provisions of section 131 prevent them from experiencing a financial loss. If you go to the commission, it is impossible to incur a financial loss by virtue of your rent scale. That simply cannot happen. The act was designed to protect the net operating profit of landlords. It was crafted very carefully to do precisely that.

This is not a stringent regime we have. It is a very generous one that permits cost pass-throughs sufficient to maintain a profit to landlords on the return on investment, to prevent them from incurring financial loss. I quote clause 131(1)(b), which permits an increase for financial loss, and subsection 131(3), which allows the commission to relieve landlords from hardship.

They are not only prevented from having a financial loss, but the commission is instructed in the law to relieve landlords from hardship. As all the staff here knows, the commission has determined that hardship means break even. It does not mean hardship, it means break even.

How on earth is it possible to believe there is a group of landlords out there that has been prevented by the Residential Tenancy Commission from maintaining a reasonable return on investment and has been put in some kind of invidious position, as a result of anything the commission has done over the past 10 years?

Mr. Laverty: There is a three-part answer to that one. First, your conditional clause with regard to the rationality of the businessman depends upon whether there are small businessmen who in 1975 did not correctly anticipate the arrival of controls and did not adjust their rents accordingly in order to reach their long-term viable levels.

In view of what has happened with the economy since 1975 in price increases and other variables, the second question is whether the maintenance of that profit is desirable or whether a greater or lesser reward should be made. The third issue is whether financial loss from two per cent is an adequate and fair rate of return. Those are the issues that, no doubt, will be debated when this comes to the House.

Mr. McClellan: We will have to wait to see what the Rent Review Advisory Committee, in its wisdom, comes up with. It is preposterous to assume there is a significant number of landlords of the kind you mentioned. I am not putting words in your mouth, but I am. You said, "These guys are so dumb that they did not know if they went to the Residential Tenancy Commission, they would have been permitted to increase their rents, to pass through their costs, to factor in additional percentage increases in order to prevent any financial loss, to fully pass on increases in operating costs, to pass on financing or refinancing costs, to obtain additional percentage points on an annual basis to alleviate them from hardship—defined as break even—and to

charge five per cent of their gross revenues as a freebie in increased operating costs."

I find it impossible to understand how, after 10 years of rent review, with an annual opportunity for each and every landlord to go before the commission to obtain increases that would maintain operating profit, or even establish operating profit if there was a situation of loss, and then enhance that every year thereafter, there could be any bona fide case to be made.

I am afraid you will succumb to the pressure from the landlords' lobby and permit a massive increase which will completely hose tenants. We heard this stuff before rent control came in. We have been hearing it for the last 10 years and now we are hearing it again in a much more sophisticated guise.

Hon. Mr. Curling: You are assuming that all landlords are quite sophisticated and astute business people. When the study was done on low-rise buildings, it indicated that many of these landlords were not as sophisticated as it was presumed they would be. Also, you should note that those buildings will be quite vulnerable to conversion. We felt we should look at it.

If there is a complaint, we look at it. The Rent Review Advisory Committee will identify those processes the landlords have gone through. If they did not do so, we will direct them so that they can recover the costs incurred on their investments through the RTC.

Mr. McClellan: I will not belabour the point because we will have months of opportunity to discuss this when the bill comes for clause-by-clause discussion and we have the detailed proposal from the advisory committee. I repeat, as loudly and clearly as I can, that the whole notion of chronically depressed rents is bunk. It is part of the propaganda from the landlords' lobby. If you attempt to factor affordability into rent review, you are completely misunderstanding the function of a rent review system.

You are confusing it with income maintenance or welfare programs and you are going to end up deviating in a major way from the understanding of rent review as a matter of tenant protection and cost review. Affordability has nothing to do with rent review. It is nobody's business; it is not the government's business what a tenant's income is. It has nothing to do with a rent review system.

10:40 a.m.

A rent review system has to do with justifying cost pass-throughs on the basis of bona fide costs and the need to provide return on investment. It has nothing to do with how much I make as a tenant. That is absolutely nobody's business. To

start getting into discussions about whether there are some landlords who need to be lifted up by the bootstraps and somehow we are going to apply a means test to their tenants scares the daylight out of me. I can assure you that it will not fly.

Another set of concerns deals with an article in today's Toronto Star. The subject has come up earlier in these estimates and certainly over the years, especially when the member for Ottawa South (Mr. Bennett) was the minister. It has to do with increases in rents in municipal nonprofit housing projects as a result of the bizarre practice of regular low end of market surveys.

It may be dawning in your mind that this is part of the Housing vote, but it is not. The issue is tenants in municipal nonprofit housing projects being subjected to arbitrary rent increases, in the case in today's Star, in the order of 7.5 and 7.7 per cent in the portfolio of Peel Nonprofit Housing Corp.

Why should tenants in the municipal nonprofit sector be subjected to arbitrary rent increases from their government agencies when all tenants in the private sector now have the protection of an independent review process? It is not a situation that can continue. Tenants in municipal nonprofit housing understand and have understood for a long time that the process itself is inherently unfair.

I believe the process is based on surveys done by Central Mortgage and Housing Corp. to determine a new low end of market scale. These surveys were done in buildings, I know in my community, not covered under rent control. We had the crazy situation of a rent scale survey for a group of municipal nonprofits at Christie and Dupont, a low-rent neighbourhood in West Toronto, being done in new buildings east of Yonge Street which were exempt from rent control. How stupid can you get? They came up with rent scales that required a 16, 20 or 25 per cent increase because they were surveying luxury buildings on Yonge Street and applying the rent scales to a blue-collar neighbourhood in west Toronto.

Municipal nonprofit tenants have understood that the low end of market surveys based on exempt buildings is unfair in the first place and now will understand even more clearly that the absence of some kind of independent review process is fundamentally unfair. Private sector tenants are no longer going to be subject to arbitrary rent increases, but people in nonprofit and public housing continue to be subject to

completely arbitrary decisions made by public servants, by bureaucrats. It is not fair.

I conclude your ministry is going to have to come up with some system, obviously a different one, for municipal nonprofit housing as well as for the Ontario Housing Corp. portfolio that permits tenants an opportunity to have an independent scrutiny of cost pass-throughs and rent levels. I am interested in a response.

Hon. Mr. Curling: This was one concern we addressed. It was signed by the previous government under a share in the program under subsection 56(1) of the National Housing Act. I just learned yesterday that the federal government has agreed to change the policy governing that type of increase.

Mr. McClellan: What is the new policy?

Hon. Mr. Curling: They will be limited to four per cent or a pass through of the increase in operating costs, whichever is greater.

Mr. McClellan: Would that apply to the decision made in the Peel Nonprofit Housing Corp. case?

Hon. Mr. Curling: I do not think it would.

Mr. McClellan: Why not?

Hon. Mr. Curling: I presume the decision came after. Maybe Mr. Wilson could comment on that.

Mr. Wilson: Some points were raised earlier that you might want me to comment on as well. One is the low end of market rent. Regarding the units in a nonprofit project that are referred to as the low end of market rent, it should be made clear that our costs and the low end of market rent are different figures. I draw to the committee's attention that in the units being discussed, the economic rent is about \$900, whereas the low end of market rent would be somewhere around the \$600 mark for a two-bedroom unit.

The other point that should be made about low end of market rent is that the tenants who occupy those units are not income-tested. They come from the general marketplace and are not income-tested in the sense that people who qualify for assistance are income-tested.

Mr. McClellan: Does that justify arbitrary rent increases in the order of 20 per cent which you are well aware you have imposed on municipal nonprofits?

Mr. Wilson: The other point was the surveys done by the Canada Mortgage and Housing Corp. The surveys are done by the municipal nonprofit housing companies themselves. There is a list of agreed-to comparables drawn up

between the nonprofit housing company and our staff. Based on the survey of rent increases in those lists of comparables, a range of rents is established and the low end of market is selected from that range, which gives the tenant occupying those units about a \$20 to \$40 per month, per unit, break in the rents.

As far as the arbitrariness of it is concerned, the process that has worked out is, first of all, an agreement between the federal and provincial governments that the policy for rent setting as it relates to these nonprofit projects under discussion is based on a low end of market rent policy. It says to go out, develop a list of comparables, survey those comparables with respect to rent increases, develop a range of rents and select a low end of market from that range. It is an agreed-to, administrative practice between the nonprofit company and our own staff on what the rent increases should be.

I might add that in the Peel Nonprofit Housing Corp. case, there is no strong disagreement between the Peel Nonprofit staff and our own on what the figures say. The board of directors of Peel Nonprofit has expressed a concern that the rent increases proposed for its units exceed the four per cent guideline that has been talked about.

Mr. McClellan: I am not sure what that was in aid of. The fact is that comparables for the Frankel-Lambert municipal nonprofit housing were selected from exempted apartments on the east side of Yonge Street. If those are the kinds of comparables that your formula comes up with, then I say again to the minister his formulas are completely crazy and unacceptable.

10:50 a.m.

At a time when all private sector tenants have the opportunity of an independent review, the pressure on you will become irresistible for an independent review of the rent-setting process in the public and nonprofit sectors. The co-operatives set their own rates democratically through their own membership decisions. There is already an independent and democratic rent-setting process at work in the co-operative sector that is completely absent in the municipal and private nonprofit—

Hon. Mr. Curling: But subsidies are being placed in the nonprofit.

Mr. McClellan: I understand that. The kinds of rent increases your ministry tried to impose on the Frankel-Lambert development were of such magnitude that many people would have been forced into the street. It is as simple as that. You

can check with Mr. Pitura, who intervened in Frankel-Lambert to correct a potentially catastrophic situation. I do not hear Mr. Wilson saying that they have any real interest in changing the formula. "The formula is the formula and by God, we are going to apply the formula." I am telling you that you had better change your approach.

Hon. Mr. Curling: It has been changed. You are chastising me for the sins of the previous administration. This has changed. You are talking about retroactivity.

Mr. McClellan: What was the last point Mr. Wilson made? I may have misunderstood what he said. There was a decision to exempt the Peel Nonprofit Housing Corp. from the new policy of four per cent. Is that right?

Mr. Wilson: I did not say that. I did not respond to that question at all. It was you who responded to the question about how it applied to Peel. The Peel rents have been under discussion for five or six months. There is a series of steps that one has to go through to reach the stage we did. At the staff level, we have agreed on appropriate rent increases. It is more a case of the political acceptability of those rent increases with relation to the Peel Nonprofit Housing Corp. board of directors. As far as the nonprofit board is concerned, its argument is seven versus four, and that is where it stands.

Mr. McClellan: We will wait and see how the new policy is applied. We will probably have some examples by the time we get to clause by clause on Bill 78, and we will consider your discussion in depth.

Mr. Gordon: I would like to make a couple of comments. One deals with a situation in Sudbury. As the minister knows, I have written to him on a number of occasions and I have spoken to him too on behalf of the Italian community in Sudbury with regard to nonprofit housing for seniors. It is the largest ethnic group in our region. The Caruso Club is a facility that is used a great deal by that community. These people have a proven record of good management and sound business principles. Now they want to extend their mandate to the sphere of nonprofit housing for seniors. They have formed an organization called Casa Bella. They are looking to the ministry and the minister to provide the funding for senior citizens housing in Sudbury. Can you tell us exactly what plans you have for Casa Bella?

Hon. Mr. Curling: The Casa Bella project falls under the private nonprofit program. I

indicated to the committee that I have had instructions from cabinet to sign the global agreement. The operating agreement has not yet been signed by my federal colleague in Ottawa. I expect this shortly. Therefore, the details of the nonprofit program have not been worked out.

I would like to make a comment about seniors. Most of the groups want to build senior citizens homes. You made a good point about the ethnic groups. As I travel around the province where there is a concentration of ethnics or new immigrants, they indicate there is a need for senior citizens homes for their ethnic groups. We are looking at this very seriously. The Casa Bella program will be looked at seriously.

Mr. Gordon: On that point, I would like to add that the Italian community in Sudbury is very closely knit. For example, the Caruso Club is the largest club for Italian people in Canada. There are more Italian immigrants living in Toronto, but there is no single organization as large as the club in Sudbury.

Given that it is a very closely knit community, it is not fair that after many years of working hard to raise their families and build Ontario, they should be faced with having to go into senior citizens homes where they will not have the same cultural experience and identity they had through the years since they emigrated from Italy to Canada, Ontario and Sudbury.

By recognizing this, you would be going a long way in helping to reward these people for some of the good work they have done as Canadian citizens in this province. More than that, it is one way you can free up for other people, housing that has been well-maintained. When they move out of their homes or apartments into these units, they will be freeing up other units for people who need them in Sudbury. There is a real need for housing in Sudbury.

The second point I want to raise concerns the Assured Housing for Ontario program. The numbers bother me. You say that over the next five years you are expecting to build approximately 44,950 subsidized units that require financing from government. As well, you are expecting 44,000 from the private sector for a total of approximately 88,950 units.

However, it is acknowledged in your housing paper and in your answers to questions I placed to you in the House, that there is a backlog of approximately 25,000. You have established a number. You have said that just to maintain the status quo we require 96,000 units over the next five years. If you take that 96,000 and add the 25,000 backlog, which you have stated to me you

expect to meet, you are looking at 121,000 units that must be constructed over five years to fulfill the promises made to the Ontario public through your assured housing program.

As I add up the figures, you are going to produce only 88,950 units. Both Mr. McClellan and I have said—and Mr. Timbrell probably referred to it last night—that we do not see where these 44,000 private sector units are going to come from. We are only looking at 44,950 units being built over the next five years. Where is this assured housing?

11 a.m.

Hon. Mr. Curling: Let me first comment on the senior citizens. You talk about rewarding these people. I stay away from rewarding and address the need itself. Every announcement, even those from the federal people, says immigration will increase because of labour shortages. Bringing people from outside the country will mean an impact on how we adjust our housing needs. It is a matter of addressing, not rewarding, cultural needs that may arise.

A comment was made that people assume these are short-term, but I do not think so. I think that as the population of Canada and Ontario grows, we will see an influx of immigrants with different cultural needs. That will be addressed.

The second point raised was, where are these housing supplies going to come from? There is a tremendous backlog, an inheritance that cannot be solved today or tomorrow. I tried to explain that when I was going through it and your colleague was grandstanding. I do not think he really needed answers. If my friend the member for Don Mills (Mr. Timbrell) had been here at the beginning, he would have understood the sequence of it.

We have committed ourselves to 10,000 units over a period of three years. A federal-provincial nonprofit program will produce 6,700 units. Mr. McKnight has already indicated 3,223 units for nonprofit and an additional 1,900 for co-op. The province will be funding a convert-to-rent program for 2,500 units—all these figures are for 1986—and for private assistance, Renterprise, 3,000 for the first year and another 2,000 for the next. This makes a total of about 14,000 government-assisted units.

We have seen the activity of the ownership market. We anticipate this will continue. We anticipate about 54,000 units will come on stream for ownership to bring us to a figure of about 69,000. We will have a shortfall of about 900 in the first year. You said Assured Housing for Ontario is a sham; I do not think so. From

what we have laid out here, we will achieve our goal.

Mr. Gordon: Where is the 25,000 backlog going to come from? You indicated this is a necessity. How is this going to be met?

Hon. Mr. Curling: I do not understand your figure of 25,000. You throw a lot of figures around.

Mr. Gordon: I do not want to confuse you at all on this issue. Perhaps your deputy could indicate this. There is a backlog of 25,000. How is it going to be met? The figure is from your assured housing program.

Mr. Cornell: When we get talking about these things, there is a tendency to mix apples and oranges. We have tried to approach this problem by figuring out what our total housing unit needs will be. The staff has worked out the demographics and estimates 6,000 housing unit starts annually will be needed. This is a combination of rental, convert-to-rent and housing units. It could conceivably move up as a percentage, but I do not think it will exceed 69,000. There has been a total commitment that each year we will approach—

Mr. McClellan: You said six; I think you meant 60.

Mr. Cornell: Sixty; that is right.

Mr. Gordon: Sixty-four thousand a year.

Mr. Cornell: No, with 64,000 annual starts, it might conceivably go to 69,000; I do not know.

Mr. Gordon: Wait a minute.

Mr. Cornell: I am talking about possible immigration to Toronto; if the Toronto area changes or if the province changes in terms of its population.

Mr. Gordon: Mr. McClellan interrupted and said that you did not really mean six, you meant 60.

Mr. Cornell: I am sorry. Let me start over. If I made a mistake through a slip of the tongue, I will start over again.

Mr. Gordon: We are not holding you accountable for a slip of the tongue.

Mr. Cornell: We are trying to come to 64,000 annual starts. This is broken down in our commitment to the provincial nonprofit program; over the five-year period, it is 6,700 units and that commitment is there from the government. We are hoping the federal government will continue to give us the allocation it is giving us now and perhaps even increase it.

There will be the co-op program from the federal government of 1,900 units per year,

which will go through the whole period. The convert-to-rent program will continue through. I think these were in the slides and presentations that were made the other night. In the privately assisted program, we have the 5,000 units now. If you add those up with the buoyant market we have at the present time in home ownership, we are close to the total number of household units that we need. This is the way we are doing it.

Because I do not deal specifically on a day-to-day basis with all these figures, if there is someone on our staff who wants to correct me—

Mr. Gordon: I do not want to hold your people up. I would like to move to another point because I understand what you have said.

Talking about the private sector, the totally unassisted sector, according to your ministry people we have talked to—and I am not talking about subsidized housing now, but totally unassisted—you are expecting the private sector to put up 1,100 units in 1986. Last year, in 1985, there were 1,400 totally unassisted and the year before it was slightly higher. With your assured housing program and with all these committees working on various matters, why are you actually forecasting only 1,100 in 1986?

Hon. Mr. Curling: I should get one of the staff to answer that for you.

Mr. Lesurf: The 1,100 units is the difference between the forecasted need and what we estimate the supply to be in the ownership market, the private residential market and the 13,900 government-assisted units. It is very possible that the private sector might produce more than 1,100 units. That 1,100 figure is actually the shortfall we forecast, provided the private sector in the residential rental market does not build any units at all. However, we anticipate they will likely build at least that and perhaps even more.

Mr. Gordon: What would lead you to believe they are going to build them? What factors or incentives would be needed to do this? What are you basing your assumption on?

Mr. Lesurf: During our discussions with the landlords when looking at the rent review reform package, they indicated that if some return-on-investment formula were built into the computation of rent rules, and if there were a climate of confidence that the rules would not be changed in the near future, they would likely proceed to build.

11:10 a.m.

Mr. Gordon: Is this based on the figures that Gardner Church referred to last night?

Hon. Mr. Curling: It is based on confidence in the government. You are saying that in the past there was no confidence; therefore, where is this confidence going to come from? Mr. McClellan, on the other hand, says, "Listen, they will never build." We have a different view.

We can debate this philosophy in many ways. As a matter of fact, it is encouraging even to see that you feel the private sector will not build. I feel the private sector will build. This government has used this approach of addressing both sides by saying that the private and the public sector can put homes on the market.

We could debate what you say, that the assured housing policy will not do that. I could stay here all day and say it will do that. It is not only what is written there; it is the approach, the attitude and the consultation process. We could debate it back and forth.

Mr. Gordon: With all due respect, you say they are going to build because they have confidence. All I am trying to do is elicit from your people what the assumptions, the details and the ingredients are that go into their being able to say to you, "You as minister can have confidence that these houses are going to be built." I am really looking to see that when you say there is confidence, you can be confident that this is the case. That is why I would like to know, and I am sure you can answer me.

Hon. Mr. Curling: I know that is very difficult to say, Mr. Gordon—

Mr. Gordon: You are not going to try to save this fellow from answering.

Hon. Mr. Curling: No, I am not—

Mr. Gordon: I do not think I have him on the ropes yet.

Hon. Mr. Curling: It is very difficult. Let us take an example. I am a practical person more than a theoretical person.

Mr. Gordon: That is why I asked the question in this manner.

Hon. Mr. Curling: Exactly, and I am going to deal with it in a practical way. We got together to set a rent review policy. There was a lot of emotion and talk going on: "It cannot happen; landlords and tenants will never come together." I was confident that it could happen.

Listen to that word: "confident." The confidence came from the fact of being able to speak here to the concerns of tenants and the concerns of landlords. Attention is being paid to them, and I know you do not believe in this—

Interjection.

Hon. Mr. Curling: I know, it is very funny. It comes about, too, in a lethargic way. We get very lethargic. I presume it comes with power. After 42 years you run out of ideas. I am not getting uppity at all. It happens to all of us.

Mr. Gordon: I have been trying to be nonpartisan here.

Hon. Mr. Curling: Exactly.

Mr. Gordon: I hope you will do the same.

Hon. Mr. Curling: I came to this job in the same kind of way. There is a need out there to be filled. First, to identify that need, we speak to the people who have the problem. Much of the solution lies right there, because they are the ones who know. The confidence is that the government will listen and fill that need.

We have a fiscal responsibility as a government to say that certain things can be done. We find that since the landlords and tenants have met, they understand the problem much better on a wider scale. People are not insular in their ideas. They are starting off in confidence back into the system, and because of that confidence they will build.

Mr. Gordon: What factors are you counting on that the private sector will latch onto and that will make them want to build? They are going to want to build only 1,100 in 1986, but it says here that in 1987—these are ministry figures—you are going to build 3,600, in 1988 you are going to build 9,200, in 1989 it will be 10,400 and in 1990 it will be 10,400. Would you tell me what is going to make these developers so confident that they are going to go out and build?

Mr. Lesurf: On that question it depends on your investment decision. Part of that will be based on what happens to interest rates, part of it will be based on the climate for rent review and part of it will be based on the demand for housing.

Are our forecasts realistic? Remember what we are looking at here, these 1,100 units. The 3,006 is the difference between our projected need and our projected supply in terms of what we think is likely to happen in the ownership market and the government-assisted market.

If interest rates remain low and if net migration into Ontario continues, I think the industry is buoyant, provided these things exist. They have told us they will likely build, but one of the keys is rent review reform.

Mr. Gordon: Yes, because in 1985 there were only 1,400 totally unassisted, and you are looking at even fewer in 1986, but suddenly the whole thing takes off. Does it take off on the

basis of what Gardner Church had to say last night, that the landlords and the developers can look for a return of anywhere from eight to 12 per cent? Is that what you base it on, that once that message gets out there, then they are going to want to build? Is this where this confidence comes from?

Hon. Mr. Curling: Some of it.

Mr. Gordon: I want to know specifically how you can go from 1,100 in 1986 and in 1988 have 9,200. You just say interest rates. That is like saying that the price of oil is going to go back up in six months.

Hon. Mr. Curling: How can we go from two people not talking or getting together to where we have them getting together, consulting and dealing with a problem? That is almost a miracle.

I think it was you who asked me in the House: "Where is this magic? What have you done?" I told you that the magic was consultation, just talking to people and understanding the issue. I know it is very difficult to understand. As you watch it develop over the years, it is hard to believe, I know. As long as you spend your time in opposition, you can watch us develop that.

Mr. Ramsay: Mr. Gordon likes it when the minister gets evangelical.

Mr. South: If you have doubts, just look at the polls. They tell it all.

Mr. Gordon: I will make just one comment. Neither the minister nor his staff have been able to give me any specific facts this morning about what the numbers for private sector totally unassisted housing and the building thereof are based on. I really am surprised at that. You have not been able to do it.

Hon. Mr. Curling: I am glad you are not a builder, then, because they are getting the answers.

Mr. Gordon: Nevertheless, we can go on.

Mr. Chairman: Are there any other comments on vote 2601, items 1 to 10? I am not trying to rush you.

Mr. McGuigan: I remember reading a few years ago that the Lord Simcoe Hotel here in Toronto at University and King was torn down. The story was that the property, the bare ground, sold at the highest price that property had ever been sold at in Toronto. If my memory serves me correctly, it was \$1,700 a square foot. It was a fantastic figure.

The rest of the story was that since the hotel was built in 1940, somewhere in that neighbourhood—

Mr. Chairman: Later than that—1945.

Mr. McGuigan: Anyway, it had never turned a profit. Not one year had the hotel ever turned a profit, yet when it sold five years ago, the increase in the capital was so great that it paid back a profit through all those years that the hotel had been owned.

11:20 a.m.

I think that is what Mr. Church was talking about. In owning a piece of property it is not simply a matter of the rent you get in a particular year; you look at the whole life of the property you own.

In an inflationary economy such as ours is, and probably will continue to be, you could actually turn a profit on a piece of property with rates of return less than you and I think would be required. When they say from eight to 12 per cent, you say to yourself, "Why would anybody put money into a building with a return of eight to 12 per cent when he could buy bonds, sit back and clip the coupons?" It is tied up with inflation, depreciation and all those matters that go about making up your income tax return. It is more complicated than it appears to be on the surface. This is the point that is being made here.

Bringing out some of these facts indicates that developers might go ahead. As for asking how many are going to be built this year, you might as well ask, "How many cars are going to be made in 1987, 1988 or 1989?" or "How many suits of clothes are going to be made?" Nobody knows.

The economic system is like the biological system: it hates a vacuum. If there is a piece of land where animals or people can live, somebody is going to move in and use it. The same is true in a financial system. If there is a vacuum where money can be put in and a return got from it, you have the expectation that it is going to happen.

Mr. Gordon: So everything revolves around sex, then.

Mr. McGuigan: Did you not know that?

Mr. Gordon: It has taken me quite a few years to get to this point. So we are somewhere between confidence and sex. Having confidence in having sex, is that it?

Mr. Chairman: No, Mr. Gordon. This is vote 2601. We are dealing with contradictions in capitalism. Mr. McGuigan, are you finished?

Mr. McGuigan: I thought it was interesting that the Lord Simcoe never returned a profit, not one year in its operation. Yet when it finally sold, it paid back all the losses and resulted in a profit. That is what lots of people who own houses are looking at.

I have a case in point myself. Our farm had a lot of farm houses because we employed a lot of labour in the fruit and vegetable business. As we gradually moved more into machinery, we started renting these houses. I was repairing them and trying to keep them in good shape. The rest of the family complained about the money being spent on these houses, because it did not look to be economical.

I said: "We are going to lose the basic money in these houses if we let them run down; they will go to nothing and we will lose that basic investment. By keeping them in decent shape, when we eventually sell the houses we will get a return. If it is spread over the years, we will be all right."

The argument was fine except that this tied up the estate. We settled the estate in 1981. The houses were sold in a very depressed market. The result was that they did not return a price over those many years, as I had maintained they would. That was a business decision I made. I am not complaining about it at all, but it points out that you are not necessarily going to get a profit out of one of these situations. It depends on when you sell. It depends on a whole lot of factors that are beyond your control.

Gardner Church is pointing out that these things are a lot more complex than they appear to be on the surface. Going back to 1975 and applying the formula of four per cent or six per cent a year over a period of years, you can get pretty well out of whack with the 1975 figure, if that figure was accurate.

Mr. McClellan made the assumption that, based on the market in 1975, the market was returning a decent profit to those people. It may have been. It may have been returning them excess profit in 1975, depending upon the market; it probably was at that time. The possibility also exists, based on the market, that it was not returning a profit.

The assumption that in 1975 there was a good return could be out on either end. It could be too high or too low because the market is not perfect at any time. It depends upon where you happen to be in those market swings. This is a point that should be brought out. That is my lesson in economics and sex.

Mr. McClellan: I hope I am in the right vote, but I want to raise an issue under the main office. It has to do with the employment practices of the ministry and its reliance on seasonal and part-time workers for essential maintenance, particularly in the Ontario Housing Corp.

Every spring and fall, year after year, I have a number of people come into my constituency office with the same problem. They have worked for the Ontario Housing Corp. as maintenance people on a seasonal, part-time basis. I assume they do essential work in maintaining the properties, such as landscaping, caretaking and repairs. They are laid off in the fall. Most of them are older immigrant construction workers who find it difficult to go back to heavy-duty construction work. Some years they have not even been given enough seasonal part-time work to qualify for unemployment insurance.

I would like the minister to undertake a review of employment practices, both within the Ontario Housing Corp. and within the municipal non-profits in the other district housing authorities. Part of the problem with the Metropolitan Toronto Housing Authority is obviously the lack of budget for full-time employees or even, some years, sufficient employment for people to qualify for unemployment insurance benefits. I think that is unfair.

There is an opportunity for you to use your housing programs as a job creation opportunity for a particularly vulnerable group of older workers who have real difficulty in finding heavy-duty employment in their later years. There is work to be done in building maintenance and repair. These guys know how to do it without even thinking about it. They are highly skilled general workers in all aspects of building maintenance and repair. They are hardworking people and deserve an opportunity to live out their working lives with more stability than they now have. You have an opportunity to provide a work for them.

I see people lining up to defend the policy. I know what the policy is; I do not need a defence. I am asking for a review by the minister of the existing practices. The minister might be able to get together with the Treasurer to work out an employment strategy that takes advantage of the skills available in our large urban centres. A large part of the work force in the building trades is having a difficult time.

11:30 a.m.

Hon. Mr. Curling: I anticipate the comment you want. I will take a look at that.

Mr. McClellan: I wish you would do that. We can pursue it again once you have had a chance to do that.

Mr. Pierce: I would like to address the committee the minister has set up, given the fine words we have heard this morning on consultation, commitment and faith, and ask whether the

minister will take another look at the Rent Review Advisory Committee and at getting representatives of northern Ontario on it, not only landlords but also tenants.

There are as many landlords and tenants in northern Ontario as there are in southern Ontario and they deserve some representation. There is no landlord representation on the whole committee and only one tenant representative. Considering that northern Ontario is 65 per cent of the land mass of this great province of ours, if you are serious about consultation and co-operation, then let us involve the whole province.

I ask that you look seriously at that. We have landlords and tenants in Thunder Bay, Sault Ste. Marie, Wawa, Sudbury, Timmins and all the northern centres, landlords who provide a large amount of housing needs for the province, as well as the tenants to occupy the houses.

Hon. Mr. Curling: I have no problem in taking a look at that. I want to remind you that we made the selection not only from a regional perspective but also from the perspective of the expertise they would bring. We will take another look.

Mr. Pierce: I am sure you would agree there are some skills in northern Ontario as well as in southern Ontario.

Hon. Mr. Curling: Very much so.

Mr. Pierce: If that is the guideline, I take exception to your saying the skills are available only in southern Ontario.

Hon. Mr. Curling: No, I said I will take a look at it. However, I want to say there are other criteria. You were given the impression that I made the selection only from a regional point of view. I am saying people are selected also on the basis of their expertise.

The north has tremendous skills, and I am quite mindful of the occasional neglect of the north. I have travelled there, although not as much as I would like to, and I will take a look at that representation again.

Vote 2601 agreed to.

On vote 2603, real estate program:

Hon. Mr. Curling: I will make a quick comment and introduction here. Vote 2603 is the real estate program, which consists of the Ontario Land Corp., the Ontario Mortgage Corp. and the real estate wing, which provides administrative support for these organizations.

The mandate of the Ontario Land Corp. is to manage, develop and sell these lands to other government agencies, municipalities or the private sector; I might add that it is a mandate it

has carried out very successfully in the past years.

My assistant deputy minister, Robert W. Riggs of the real estate wing, is with us. He will bring you up to date on the land holdings, where they are located and their current status.

Mr. Riggs: The budget statement of the Treasurer indicated the Ontario Land Corp. would be wound up and its major asset, which consisted of \$516 million worth of real estate as of our last financial statement of March 31, 1985, would be transferred to other ministries over time.

He also indicated in that statement that the Ontario Land Corp. would take appropriate action to have certain of those lands appraised, and where the book value was in excess of appraised market value, those lands would be written down at the market value and the appropriate debt owed to the Treasurer would be written off; this was to be achieved by March 31, 1986.

The minister also indicated that John Kruger, special assistant to the Premier (Mr. Peterson), has been assigned the task of reviewing a number of crown corporations, including OLC, and is preparing a strategic paper on the use of all government lands, including those that I will bring the members up to date on shortly.

OLC has been in business for a number of years. Present holdings, where they are not being used for development purposes, as some are, are rented under the Ontario farm lease program prior to any sale or disposition to other ministries. Rents for that program are established by the Ministry of Agriculture and Food.

We have also tried to develop land through the public planning process so that any value added through that process accrues to the government. Up to this point, we have sold land at appraised market prices. In all cases, and particularly now, we must look at these lands with respect to government priorities and revenue production, particularly in terms of housing. My comments concerning the land we have been looking at and appraising will address these lands from that point of view.

Our holdings are still in excess of 65,000 acres. To give an indication that we have been marketing these lands, in 1984-85 we will have sold \$36 million worth of land, that revenue to flow directly to the Treasurer.

It may surprise some members, but our lands are scattered across Ontario. We have lands running all the way from Windsor and Ottawa, and to the north, to places such as Sault Ste.

Marie, Geraldton and Ear Falls; we are almost out of Sudbury, and we have lands in Valley East.

Most of the lands are owned by the province, but there are some older projects I will be addressing which were purchased by the federal-provincial partnership back in the early 1950s.

Mr. McGuigan: Would that would be the Arctic Group?

Mr. Riggs: No. These were lands, such as the Malvern project in Scarborough, purchased for housing development back in the early 1950s. It took that length of time for the planning process to turn it into all types of housing. I will mention that shortly.

As you can see, we still have a fair amount of land. I would like to talk about how these lands break down. What we did and what we are doing to help Mr. Kruger is to look at the lands in terms of a five-year time frame. What can we do with it? How can we help housing? How can we help create jobs for industry? Are they of use to the Ministry of Agriculture and Food? Does the Ministry of Natural Resources want some land? What about conservation areas and protecting the environment? That assessment is ongoing, and I will bring you up to date on each major parcel of land. The other is the appraisal process. These appraisals will be completed in February, establishing the market value for those lands.

11:40 a.m.

The pie chart in this diagram is very interesting. The top of the red pie chart indicates that 50 per cent of the lands we hold have no development potential. They may have potential for the Ministry of Agriculture and Food, or Natural Resources, but in terms of time frames of municipalities and regions we have talked to—I will try and expand that further—50 per cent of our lands have no development potential.

In terms of improvement potential, a number of lands have potential for housing, for job creation, the kind of improvement where, through the planning process, additional value can be created and used.

Five per cent relates to the lands that were purchased in the 1950's and 1960's, where they are now in an advanced stage of housing development—Sudbury, Kitchener, for example—and I will address those areas, where basically we are selling off the remaining lands to builders and the non-profit corporations, mainly for housing.

The last part of the pie chart relates to north Pickering and that is a separate subject which I will address at the end of my comments.

Mr. Chairman: Excuse me, Mr. Riggs, I think Mr. South had a question about that last presentation.

Mr. South: Did I understand correctly that 50 per cent of the land has no development potential? The question is, why did we buy it?

Mr. Riggs: I would have to refer that question to the minister. It goes back in history and I do not want to get into a political discussion about why the land was purchased. It was purchased by a previous government for reasons, as we get to each piece of land, I can try to explain to the best of my ability.

I think if you look at it from each piece of land I go into now, I can try to explain some of the reasons behind it.

Mr. South: Yes. Pretty poor guessing.

Mr. Chairman: It is called throwing somebody an anchor.

Mr. South: Nice way to sell moose pastures, I guess.

Mr. McGuigan: Some gentleman had a dream.

Mr. Riggs: In Milton we have approximately 2,000 acres of land. It is beyond the urban envelope, it is beyond servicing.

To address your question it was purchased at a time when the lakeshore community of the Toronto centre region plan was conceived and was to have been one of the satellites that was to be developed in the long-term future when land banking was still acceptable to governments in this country.

We have discussed this with the municipality and the region and they say it is beyond their envelope for any reasonable period of time in this century and the most logical use is to return it good agricultural production.

South Cayuga lands, shown in the next slide which relates to Nanticoke, were purchased essentially for the development of the Haldimand-Norfolk region when Texaco, Hydro and Stelco all placed major plants in that area. The economic conditions changed, both for steel and oil, and the whole progress of industrialization of that region has slowed down. I do not know when it will start again.

Those lands, which are some 12,000 to 13,000 acres, should probably be returned to agricultural production in the private sector. At the moment it is under lease, but I think as anyone from the Ministry of Agriculture and Food may know, a farmer who owns his land will maintain it better than one with a long-term lease. That is a matter of opinion, but that is our opinion.

For Nanticoke, where the new community of Townsend is being created, our map shows three colours. The orange is a land bank of some 10,000 acres. The blue and the green are the Townsend townsite. The green part is the actual area under development, where 134 houses have been built, along with a regional centre, a commercial centre, and a senior citizen complex. The little hamlet of Townsend probably will house about 600 people by the end of this year.

Once again, industrialization in that area slowed down the region and we in Townsend have slowed down its development. The only part that probably could be returned to the farmers would be the remaining land held for the eventual development of that area.

In Oakville, the land south of Dundas, there are about 100 acres—you can see it on the map—in the urban envelope. The value of the land has increased substantially over the last couple of years. The development of the land north of Highway 5 is probably coming in the next century. Whether those lands should be held or returned to farming is a matter for discussion between the region and the municipality. We are doing a great deal of work with the region and the municipality to gain their guidance in the use of these provincial assets.

Whitby, much like Milton, is part of the old Toronto-centred region plan. The lands are located north of Highway 7 beyond any urban envelope, although the regional government would like a small estate subdivision with the remainder of the land being returned to private ownership and farming.

Carlsbad Springs is on the outskirts of Ottawa. All the land shown in green has been transferred to the Ministry of Natural Resources for its use. The remainder is in orange. Part of it will probably be returned to the Ministry of Agriculture and Food. The region would like to investigate an agricultural hamlet for the remainder. This is a new concept the ministry is working on and we are working with it to develop that further.

In Windsor, I would like to refer only to the Riverside East lands along the Detroit River, adjacent to Lake St. Clair. There are about 760 acres there. There is a great deal of interest from Windsor itself and a number of developers there. They are now reviewing the future of that land.

Those are the old land banks with very little development potential. There are other lands which fall into improvement potential.

The first of those is a piece of land which we have in Windsor, adjacent or close to the

Windsor airport. It is called the Hall Farm. It is under development. It is serviced. Houses have been built there. We can work with Windsor and the Ministry of Housing to provide both rental and ownership housing on that parcel of land to assist in any expansion of Windsor in the future. That is an ongoing asset. Values are increasing there. We can assist in the housing programs of the Ministry of Housing.

Cambridge—and this has been in the news lately—has changed radically in the last few months. You see two or three parcels of land shown in green. They have been sold. The lands in the northern part of the project were transferred to the Ministry of Agriculture and Food for an experimental farm. There is a great deal of work going on there with that ministry.

More recently, we assisted the Ministry of Industry, Trade and Technology in securing a plant for Toyota Canada Inc. on 400 acres of land in Cambridge. This has changed the value of those lands. We are now working with the municipality in the region in planning future industrial lands in that area.

Brantford has a similar situation. I relate back to what we have been doing with the municipalities in working with them on these assets. The green part of that assembly has been transferred to the city of Brantford for an industrial subdivision. It is making great strides to change the face of its industrial park. We, in concert with them, will be developing the adjacent housing potential so the Ministry of Housing and the municipality can begin to create a new climate in a new area for both industry and housing. That has been a co-operative venture.

Now we turn to a very small portion, about five per cent, of the land, most of which is owned by old federal-provincial partnerships.

The first is in Kitchener. This is totally owned by the province. It is a big subdivision under development. It is being used mainly for home ownership at the moment. To date, about 394 homes have been built. There is a potential for rental housing. We will be working with the Ministry of Housing on my community housing side to develop moderately priced ownership homes as well as rental in that area. It is ongoing. The land is there and is serviced.

11:50 a.m.

In Niagara Falls, it is the same thing. What is coloured orange in the diagram shows what is left. There is an ongoing subdivision. Once again, these are lands capable of being used to help in the housing program.

Guelph has an identical situation. There are 164 acres. About half of them are complete. The remainder could be turned into housing to assist Guelph and that area, as well as our own ministry, to ensure that a wide range of housing is built in Guelph.

Hamilton has two major projects. One, by the Ontario Land Corp., is Heritage Green. That particular project is about one-quarter built. We have built, through the private and public sectors, over 1,000 homes. At least another 3,000 homes could be built in that area—rental, ownership, all types of co-operatives. We are working, both with the region and with Stoney Creek, to ensure that a wide range of housing will be built there, in concert with their own industrial plans for the future.

I will now turn to the federal-provincial projects which is that four per cent which is remaining.

The first one is what is left on Hamilton Mountain. We have one large project left called Rushdale, which will produce in excess of 500 homes, plus rental housing for both private rentals, co-ops and private nonprofits. We have dealt with all those groups in Hamilton over the last 10 or 15 years. That project will be producing housing this year and will assist in the housing policies as announced by the minister.

Malvern, in the northeast corner of Scarborough, is the largest project ever produced in Ontario between a federal and provincial government. It comprises 2,000 acres and was expropriated by the two levels of government back in the 1950s. The last neighbourhood in Malvern to be developed will go on stream this year. It will provide ownership housing at various prices and some rental. Malvern will house some 35,000 people when it is completed in two or three years.

Regarding minor projects, we now are at the end of the one in London. By next year, the remaining houses will be built in Kipps Lane, and the province will have completed that development.

In Peterborough, we are working with the municipality. They have developed an industrial site on the land. The remainder of the property will be developed in rental housing and ownership housing, together with the municipality in terms of their industrial complex. That is going ahead very well. There is a major commercial site there. The first industry is in there. The first housing—both rental and ownership—will be going ahead in the next couple of years in accordance with our plans with the Ministry of Housing and the community housing wing.

The last segment is north Pickering. It is one of the province's more valuable assets. This project is on the east side of Metropolitan Toronto and is one of the fastest growing areas in all of Canada and the United States. It is well serviced by transportation—the GO train, Highway 401 and potentially by Highway 407. In 1975, the federal government purchased some 40,000 acres of land north of the north Pickering assembly for an airport. It is now on the edge of major development for housing, industry and commercial.

Bringing into perspective what is happening there, this map tries to identify some of the possible uses that may come about. I stress that—may come about. South of the federal airport land and south of Highway 7 but north of Highway 401, is a piece of land called the Seaton Urban Area. Those lands have been included in the official plan of Durham as urban development. The sewer and water from the York-Durham sewer, which cuts across York and into Pickering, can service those lands today. The first development is immediately south of Seaton. It is producing houses today.

The breakdown between industrial and residential use is about 2,000 to 2,500 acres of industrial land with the remainder of about 7,000 acres in residential. The sewer in the Seaton urban area will serve a population of 90,000. Those lands, starting in about 1988 at the latest, can produce rental housing and a wide range of ownership housing for first-home buyers up to what-have-you in the Pickering area.

To give you some idea from the Metro Zoo east, all the land in what we call south Pickering is now under development. Zone development of land in the south part will be finished by 1988 or 1989 at the latest. The province, in its holdings from Scarborough and Markham over to Seaton, including the agricultural space which is all owned by the province, owns the remainder of the lands between Markham and Pickering, which can be developed in the next 25 years.

The lands shown as Markham agriculture and Pickering agriculture lie between two natural boundaries. It is important to understand this because this is going to become a contentious issue in the future. The Rouge Creek and the Little Rouge Creek—one of the most beautiful ravines—is a very sensitive area with respect to environment. It separates the agricultural areas from Duffin Creek. That has been designated in the official plan as agricultural land.

From Steeles Avenue down to the Metro Zoo is the remainder of the land in Scarborough.

There are no other lands in Scarborough left for urban development. Those lands are under study by the municipality and a study with three proposals has been produced. One would allow housing for approximately 15,000 people. That study will be going to council sometime this year.

From Steeles Avenue up to Highway 407 and beyond is Markham, where we hold lands, which will be under review by the municipality. They, too, will be running out of urban land over the next five years. They will be looking at an official plan review for additional urban lands. Those lands could house approximately 35,000 people.

The entire holdings, excluding the agriculture lands which are extremely valuable, could house more than 140,000 people. We are not talking about the distant future. We are talking about tomorrow. The services are there. The road patterns are marked out at least. The major road patterns, Highway 401 and the GO train are there today, as well as sewer and water.

Industry is taking a great interest in this area. There are constant inquiries to my minister about the availability of these lands. There is one difficulty. This is also good agricultural land. Therefore, those decisions relating to agricultural land and development land will be made over a period of years on tradeoffs between the municipality, the region, the province and all the public interest groups that must be consulted through the planning process.

All of these facts which I have given to the committee will be included in Mr. Kruger's strategic paper to the cabinet, which will be going forward some time in February. I hope the comments I have made about these lands and their value, use and potential will be of assistance to the committee.

Mr. Chairman: Any comments by committee members?

Mr. McGuigan: I have an unrelated question. What happens to lands that the highway people have left over? For instance, I am thinking of along Highway 401. They build cloverleaves with bits and pieces of property. Does the Ministry of Transportation and Communications sell them itself or does it turn them over to you?

12 noon

Mr. Riggs: Up to this time, the Ministry of Transportation and Communications has sold them. Also under review by the special assistant to the Premier is how best to handle real estate assets of provincial ministries in the future from a revenue point of view, but more so from a

priority point of view of what is needed by the government in meeting its objectives in housing, job creation and things of that nature.

Mr. McGuigan: I assume from the last diagrams shown that some of this land has returned a big capital appreciation to the province. Is this correct?

Mr. Riggs: Yes, some have, particularly the Malvern project because it was bought at a time when land values were quite low.

Mr. McGuigan: Would all properties return a capital appreciation?

Mr. Riggs: No.

Mr. McGuigan: Would there be a loss overall?

Mr. Riggs: It depends on the time frame, but there would be an overall loss because imputed interest has to be considered, as you know. If you impute the interest against the clock, there would be a loss.

Mr. Hayes: I find it interesting when I look at this slide—and I know there is a lot of concern about preserving agricultural cropland today—that there seems to be quite a bit of agricultural land used for necessary housing. An individual in my riding wants to sever three lots, approximately 600 by 200 feet. It is agricultural land, but it already has been built up.

According to the municipality's official plan, the criteria are being met. The county planner, township and Ministry of Housing have approved it. However, the Ministry of Agriculture and Food has said it has to preserve agricultural land. The place is already built up. We call it infilling. It is a piece of property which if not build on will only grow weeds.

When the Ministry of Housing makes decisions, how much authority does it have versus the Ministry of Agriculture and Food? All other areas approved this plan; yet after one comment from the Minister of Agriculture and Food (Mr. Riddell), the Minister of Housing says, "There is not really much we can do about it in this case."

Hon. Mr. Curling: If you address your question to the Minister of Municipal Affairs (Mr. Grandmaitre), I think you will get direct comments and perhaps resolve these problems.

Mr. Hayes: Okay.

Mr. McGuigan: There is an appeal mechanism through the Ministry of Municipal Affairs.

Mr. Hayes: This individual is going to be forced to go to an Ontario Municipal Board hearing on something like this. I really do not think that is necessary if the ministry would take

a serious look at this case. Why should a person be put through that process when what is probably better agricultural property is being used for other purposes?

Hon. Mr. Curling: I agree. My advice is to go to Ministry of Municipal Affairs before it is put through the OMB and see what can result.

Mr. Hayes: Thank you.

Mr. Chairman: If there are no other questions on vote 2603, shall vote 2603, items 1 to 6, carry?

Vote 2603 agreed to.

On vote 2606, residential tenancy program; item 1, Residential Tenancy Commission:

Mr. Chairman: Vote 2606 is the last vote with which we must deal. There is only one item in this vote, the Residential Tenancy Commission. Any comments on this?

Mr. McClellan: I assume the Thom commission is not related to this vote.

It is probably under the Ministry of the Attorney General.

Hon. Mr. Curling: Mr. Williams, will you come forth? Mr. Phil Williams is the chairman of the Residential Tenancy Commission. Do you want to question him?

Mr. McClellan: I asked whether there were any appropriations directed to the Thom commission under this vote. My assumption is no, but just to be safe, I wanted to make sure I was not voting any money for the Thom commission.

Mr. Williams: The answer is no; it is in the Ministry of the Attorney General vote.

Mr. McClellan: Thank you. I would not want to vote another single dime towards that commission and I am pleased I will not have to.

Mr. Chairman: Nor will anyone else. Does vote 2606 carry?

Vote 2606 agreed to.

Mr. Chairman: That almost completes the estimates of the Ministry of Housing. We did not complete our separate dealing under vote 2604 with the supplementary estimates brought in for the Ontario Housing Corp. Shall vote 2604 supplementaries carry as well?

Supplementary votes agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Housing for 1985-86. Thank you, Minister and your staff for the help provided to the committee.

Hon. Mr. Curling: Thank you, Mr. Chairman.

The committee adjourned at 12:10 p.m.

CONTENTS

Wednesday, February 5, 1986

Ministry administration program	R-935
Real estate program	R-945
Residential tenancy program:	
Residential Tenancy Commission	R-950
Adjournment	R-950

SPEAKERS IN THIS ISSUE

Curling, Hon. A., Minister of Housing (Scarborough North L)

Gordon, J. K. (Sudbury PC)

Hayes, P. (Essex North NDP)

Laughren, F., Chairman (Nickel Belt NDP)

McClellan, R. A. (Bellwoods NDP)

McGuigan, J. F. (Kent-Elgin L)

Pierce, F. J. (Rainy River PC)

Ramsay, D., Vice-Chairman (Timiskaming NDP)

Smith, D. W. (Lambton L)

South, L. (Frontenac-Addington L)

From the Ministry of Housing:

Cornell, W., Deputy Minister

Lavery, P., Manager, Corporate Policy, Corporate Planning and Evaluation Branch

Lesurf, M., Acting Director, Corporate Planning and Evaluation Branch

Riggs, R. W., Assistant Deputy Minister, Real Estate; Vice-Chairman and Chief Executive Officer,
Ontario Land Corp.

Williams, P., Chairman, Residential Tenancy Commission

Wilson, M., Assistant General Manager, Field Operations



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Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Resources Development
Estimates, Cabinet Office

First Session, 33rd Parliament
Thursday, February 6, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: R. G. Lewis, QC

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CONTENTS

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, February 6, 1986

The committee met at 8:06 p.m. in room 228.

After other business:

8:12 p.m.

ESTIMATES, CABINET OFFICE

On vote 302, francophone affairs program:

Mr. Pouliot: On a point of privilege, Mr. Chairman: It is not my intention to evoke tales of sour grapes, because we are in a very healthy and friendly environment and I have to respect that. I say this with all the sincerity at my command. Perhaps it is my day to be appalled and shocked.

I was under the very real and vivid impression—erroneously, of course—when coming here tonight to speak on behalf of the New Democratic Party, that the honourable minister, when talking about francophone services, a subject of such importance, would have extended us the courtesy of having the leadoff statement in both official languages. After all, it is a reasonable request. We are talking about francophone services.

Yes, I am disappointed. I will not say that I am insulted; let us call it a regrettable incident. I would hope, as food for thought, that this kind of accident de parcours would be corrected so that the next time we will endeavour to address this formality. It should be nothing more than a formality; it should not even extend to courtesy. It is a matter of right, and I want this matter recorded.

Mr. Chairman: Did the minister wish to respond?

Hon. Mr. Grandmaitre: Mr. Chairman, I am not going to say I am sorry, for the simple reason that I could have made my total presentation in French, but again, in courtesy to Hansard, 95 per cent of my presentation will be in English. I will certainly add my French remarks, which will be ad lib remarks, not written remarks. I just wanted to make sure that every word of my speech or initial remarks would be recorded.

Mr. Chairman: Just before you begin, I am sure the committee members would be delighted to entertain any amount of your remarks in the French language, and I hope you will proceed on that basis.

As you may know, the standing committee on members' services, of which I just happen to be a member, has recommended to the Board of

Internal Economy that instantaneous translation be brought into the chamber and the committee system as quickly as possible. Many of us around here are very anxious that the kind of question that Mr. Pouliot most legitimately raises will not have to be raised in committee or in the assembly itself.

Mr. Pouliot: I will repeat myself: We are dealing specifically with francophone services. I am not talking about coming here with *cap* in hand.

Mr. Chairman: Mr. Guindon had a point of order, because we have not yet begun the actual debate.

M. Guindon: Monsieur le Président, je suis un peu d'accord avec les deux partis qui viennent de donner leur point de vue. Il faudrait peut-être s'entendre avant de partir de quelle langue on va se servir parce que c'est un peu gênant. Je sais que le ministre veut être poli envers tout le monde, comme cela m'est arrivé l'autre soir, au même comité, d'adresser la parole en anglais et de féliciter un ministre pour avoir parlé français. Il s'est mis à parler français pendant 20 minutes.

On ne sait plus où l'on se tient. Ce n'est pas parce qu'on veut être haïssable non plus. Mon compte rendu est en français, si ça ne vous dérange pas, parce que je sais que le Hansard va le sortir en français. Donc, il ne sera pas traduit, il va être en français puis je suis satisfait de ça.

C'est la remarque que je veux faire. Je n'en veux pas à personne. Je sais dans quelle position le ministre est pris parfois, ce n'est pas pour l'excuser non plus. C'est que moi aussi, ça arrive souvent.

L'hon. M. Grandmaitre: Je n'ai pas d'excuse à offrir.

M. Shymko: Monsieur le Président, continuons les remarques de mes deux collègues. C'est le fait que selon les règles de l'Assemblée, au sein de la Chambre, on emploie les deux langues officielles, les mêmes règles conformes aux discours et aux débats non seulement au sein de la Chambre mais au sein des réunions de comité.

Dans ce cas-là, je voudrais savoir si les questions, les remarques qu'on fait au sein de cette réunion du comité peuvent être faites en français, et je comprends l'effet pratique et le

respect qu'on doit accorder aux membres du comité qui ne parlent pas français et qui ne comprennent pas le français du fait qu'on n'a pas de traduction simultanée aujourd'hui.

Ce n'est pas seulement un cas de principe, ce n'est pas symbolique ce que M. Pouliot vient de dire; c'est que c'est très important dans l'élan qu'on essaie de donner à l'épanouissement de la langue française, langue officielle du pays. Espérons qu'elle aura un jour un statut officiel dans cette province. Ce que je voudrais savoir, si je m'adresse, par exemple, en français, est-ce que le président comprend ce que je dis?

M. le Président: Oui.

M. Shymko: Deuxièmement, est-ce que la secrétaire, pour le compte rendu qu'on fait, est-ce qu'on comprend mes remarques? Je voudrais savoir si, par exemple, pour les députés qui ne parlent pas français, c'est sage de ma part de discuter, de poser des questions afin que mes collègues qui ne peuvent pas s'exprimer en français puissent comprendre. Sinon, on va parler anglais. Mais moi par principe je crois qu'on devrait au moins avoir un aspect bilingue, disons.

Je ne voudrais pas monopoliser seulement en français les discours ni les questions. Mais, question de principe, avec deux langues officielles garanties par règlement de discours, de débat en Chambre, je voudrais faire quelques remarques comme mes autres collègues en français, et c'est pour cette raison qu'on avait espéré au moins quelques paragraphes en français, sinon un texte de traduction.

Je sais très bien que la personne qui est à votre gauche pourrait vous suggérer toutes sortes de moyens de traduction de ce discours qui aurait pu être fait pour nous, ainsi que pour les journalistes ou qui que ce soit présent ici ce soir.

Alors avec votre permission, je voudrais savoir si enfin on peut poser des questions en français ou bien participer aux débats.

M. le Président: Enfin nous commençons.
8:20 p.m.

L'hon. M. Grandmaitre: Ma réponse c'est oui, on peut employer les deux langues.

Alors, Monsieur le Président, peut-être avant de débiter, même si je n'ai pas un discours en français, je voudrais vous présenter les gens responsables qui sont assis à la table avec moi: à ma gauche, Mme Louise Beaugrand-Champagne, directrice de l'Office des affaires francophones, et Mme Laura Gueguen-Charron, présidente du Conseil des affaires franco-ontariennes. J'aurai l'occasion tantôt de présen-

ter d'autres personnes qui m'aideront à répondre à vos questions.

As minister responsible for francophone affairs, I am pleased to present the estimates of the Office of Francophone Affairs and of the Council for Franco-Ontarian Affairs for 1985-86.

The Office of Francophone Affairs provides the policy framework for the development of French-language initiatives and services throughout the Ontario government. Its major functions include:

Acting as the prime adviser to the government, through the minister responsible for francophone affairs and the Premier, on the development and implementation of French-language services and on relations with the Franco-Ontarian community;

Monitoring the implementation of French-language services throughout the government of Ontario and recommending both policies and administrative practices for their improvement and expansion;

Promoting government French-language services and the programs of the office through various publications;

Providing information in French on government programs through Renseignements-Ontario;

Managing the community support fund to increase the number and quality of services required to meet the specific needs of francophones in their community activities;

Providing ministries with assistance in implementing French-language-service programs;

Maintaining good relations with media representatives, particularly the francophone elements, and

Maintaining contacts with other Canadian and foreign jurisdictions on francophone issues.

To carry out its functions, the Office of Francophone Affairs is composed of two distinct sections: the corporate programs and community liaison section, and the research and interministerial relations section.

The first section is responsible for communications activities, the community support fund and the Renseignements-Ontario programs. The second section is responsible for research and for providing ministries with assistance in implementing French-language-services programs.

The goal of the communications program is the development and co-ordination of the government's French-language communications policy and the promotion of government French-language services. The objectives of the program are as follows:

To ensure that new steps are taken to improve communications in French by the Ontario government;

To promote the government's French-language services and the programs of the Office of Francophone Affairs;

To ensure greater awareness and use of French-language services, and

To develop and monitor French-language communications in the various ministry offices as part of the public access corporate program.

The goal of the community support fund is to assist in the development and improvement of community services and activities aimed at the province's French-speaking population in accordance with the priorities of the government of Ontario. The objectives of the program are to increase the number of services available, to improve the quality of existing services and to meet specific needs of the francophone population. A committee of representatives from several ministries recommends the allocation of these grants to the minister through the Office of Francophone Affairs.

The goal of Renseignements-Ontario is to facilitate contact between Ontario's francophone residents and the provincial government—that is to say, to supply information, on request or after research, relating to services, regulations, laws and government programs. A toll-free telephone service has been set up for this purpose. Every inquiry receives a response immediately or, if research is required, within 24 hours.

The main objectives of the program are as follows: to provide information in French on government programs to Ontario's French-language population and to maintain a high level of quality of information and efficiency regarding government programs.

During the year, this section has carried out its annual information campaign through Ontario's francophone media. The purpose of this campaign is to inform francophones of the availability of government French-language services in various areas of the province.

One of the most successful programs of this section is the community support fund. Since the beginning of the present fiscal year, approximately 80 community organizations have received a grant from the community support fund.

With regard to Renseignements-Ontario, in addition to providing general information on government programs and services by telephone, it participated in numerous meetings, conferences and exhibits throughout the province to

offer direct information to the francophone community.

The research and interministry relations section has the mandate of providing research services to the Office of Francophone Affairs and of assisting ministries in the planning and development of French-language services. The section liaises on a regular basis with the French-language-services co-ordinators and helps them in their efforts to improve the services offered by their ministries.

The research program provides the minister responsible for francophone affairs and the Office of Francophone Affairs with accurate, up-to-date information and policy options that facilitate the development of French-language services in the Ontario government.

The section regularly monitors legislative developments and relevant documents and supplies information to senior management and ministers. In 1985-86 it completed major analytical studies of demographic patterns and government services in northeastern Ontario, eastern Ontario and southwestern Ontario. These studies should help ministries understand better the population they have to serve and should promote the implementation of French-language services.

The section was involved in policy research on several topics, including the designated areas and the demographic structure of various districts with large concentrations of francophones. It also participated in the formulation of a certain number of cabinet submissions. Several reports were analysed: the CROP Inc. report on language minorities, the Poirier-Bastarache report on official bilingualism in New Brunswick, the report of the Bovey Commission on the Future Development of the Universities of Ontario, the annual report of the Commissioner of Official Languages and reports on the educational needs of Franco-Ontarians.

In 1985 the section informed French-language co-ordinators in ministries of new legislative developments and new programs that might impact on the delivery of French-language services. It advised them on how new policies on such matters as translation, the designation of positions requiring French-language capability and the recruitment of bilingual communicators might be implemented. A draft of a manual on the recruitment of employees with French-language capability was prepared and distributed to the co-ordinators for their information and comments.

The section helped organize and participated in a tour of northeastern Ontario in September by co-ordinators from the Ministry of the Attorney General, the Ministry of Consumer and Commercial Relations, the Ministry of Correctional Services and the Ministry of the Solicitor General. During the tour the co-ordinators visited their local offices and became more aware of the work performed to serve the francophone population. They also participated in public information sessions.

This section undertook specific assignments at the request of individual ministries and helped in the preparation of evaluation forms, ministerial reports on the extent of existing French-language services, and recommendations and action plans for the senior management committees of some ministries.

It also provided assistance and an orientation guide to new co-ordinators, made presentations to ministries to sensitize them to French-language-services issues and organized two professional development seminars for co-ordinators, the first on management by results and finance in the Ontario government, and the second on staffing. It also planned the regular meetings of the interministerial committee of French-language-services co-ordinators.

The section also completed a brief review of French-language services in all ministries and examined the extent to which cabinet decisions relating to the provision of French-language services had been implemented by the ministries.

8:30 p.m.

I will now say a few words about the activities of the Council for Franco-Ontarian Affairs. The mandate of CAFO is to advise the minister on any question affecting the francophone population, excluding education. The major functions of CAFO include:

Advising cabinet, through the minister, regarding the needs and interests of the franco-phone community;

Maintaining close ties with the Franco-Ontarian community in order to be acquainted fully with the community's needs and expectations;

Developing and maintaining a working relationship with various heads of ministries and other government agencies;

Initiating projects, studies, conferences and symposia to be conducted and/or organized by the secretariat;

Analysing, and proffering criticisms to the government on, all policies and programs affect-

ing the development of the Franco-Ontarian community, and

Serving the specialized interests of the community by promoting the setting up of group organizations in various fields—recreation and medicine.

During the year, CAFO kept in constant touch with the francophone community and advised the government on various issues, such as French-language services at the municipal level, arts and culture, health and social services and the status of women. One of the most important activities organized by CAFO was a symposium on the Franco-Ontarian woman. Close to 500 women from numerous community organizations took part in this event, which provided an opportunity to discuss various women's issues from a francophone perspective. In another area, CAFO was instrumental in the creation of a distinct French-language network for TVOntario.

Before concluding my remarks I would say that since my appointment as minister responsible for francophone affairs I have taken a close look at the present objectives of the French-language policy. The government has come to the conclusion that the present policy should be modified in order to respond better to the needs and expectations of our francophone population. The new policy that is being prepared will consolidate the progress realized up to now and will give a new impetus to the government's francophone affairs policy. I am confident this new policy will be announced in the very near future.

Alors, chers confrères, je suis sûr que votre attention est sur le dernier paragraphe de mon allocution. Nous sommes prêts à répondre à vos questions, excepté qu'avant de commencer la période de questions, je veux vous assurer que le nouveau gouvernement est convaincu qu'il faut améliorer les services et sûrement garantir ces services. Alors je suis dans une position pour vous assurer que le gouvernement libéral va de l'avant, et encore une fois l'an prochain je pourrai me présenter devant vous avec un texte complètement en français et même avec la traduction simultanée.

M. Guindon: Lors de conversations récentes avec les journalistes francophones au sujet des actions du gouvernement libéral dans le domaine des services en français depuis son arrivée au pouvoir au mois de juin dernier, j'étais choqué par la justesse du vieux dicton: "Plus ça change, plus c'est la même chose."

Pourquoi? C'est simple. En dépit des paroles contraires, tous les gestes concrets posés par le

gouvernement jusqu'à maintenant s'inscrivent carrément dans la meilleure tradition du gouvernement conservateur, des premiers ministres Robarts, Davis et Miller.

Comment? Voici des exemples. Lors du congrès annuel de l'Association des juristes d'expression française de l'Ontario, au mois d'octobre dernier, le procureur général (M. Scott) nous annonce que la révision décennale des lois de l'Ontario sera dorénavant effectuée dans les deux langues officielles du Canada.

A peu près au même moment, le ministre des Services sociaux et communautaires (M. Sweeney) rend public son plan d'action pour la mise en oeuvre de la Loi de 1984 sur les services à l'enfance et à la famille en ce qui a trait aux services en français, une loi qui a été parrainée et adoptée sous le leadership de mon ancien collègue, l'honorable Frank Drea.

La Loi sur Science Nord, à Sudbury, garantit la prestation des services de cette institution dans les deux langues. Puis le 12 décembre dernier le ministre de l'Éducation (M. Conway), s'inspirant fortement des projets de loi 28 et 160 de l'ancien gouvernement, dépose en première lecture un projet de loi sur la gestion scolaire, le projet de loi 75.

Ce ne sont là que des exemples, mais je crois que cela démontre suffisamment qu'en dépit des protestations contraires, l'étapisme survit et prospère à Queen's Park.

Avant de passer au bilan des actions du ministre responsable, je voudrais profiter de cette occasion pour faire un commentaire sur la gestion scolaire. Comme nous le savons tous, le gouvernement a mis sur pied une commission pour l'établissement d'un conseil scolaire homogène dans la région d'Ottawa-Carleton. C'est sans doute une mesure sage, mais je me demande pourquoi cette initiative se limite à cette région. Ce qui est bon pour Ottawa-Carleton devrait également l'être pour le reste de la province.

Comment le ministre peut-il expliquer cette mesure discriminatoire, car la communauté francophone d'Ottawa-Carleton est assez nombreuse et forte pour assurer son avenir, ce qui n'est pas le cas dans la plupart des autres régions de la province. J'aimerais beaucoup entendre les commentaires du ministre à ce sujet.

Pour ce qui est du ministre, il nous promet depuis sept mois une nouvelle approche compréhensive à la prestation des services en français. D'abord, en été, faisant écho au premier ministre (M. Peterson), il nous a promis une commission royale sur les services en français. Suite aux critiques de ses collègues

dans son propre caucus et de la communauté francophone, il a retiré cette promesse pour la remplacer par une autre.

Depuis le mois d'octobre, à 10 jours d'intervalle, il nous promet maintenant une quelconque loi-cadre qui n'a pas encore vu le jour. Entre-temps, le ministre figiole et ne semble pas s'occuper du vrai fonctionnement de ce programme. De nombreux postes de coordonnateurs ministériels, dont ceux de la Santé, de la Formation professionnelle, des Collèges et Universités, etc., sont soit vacants soit occupés par des personnes intérimaires de niveau junior depuis plusieurs mois. Le poste de coordonnateur provincial est vacant depuis le premier novembre et ce même poste est classé au niveau inférieur de directeur général, plutôt que de sous-ministre adjoint.

En même temps, on annonce ce même poste dans les journaux du Québec comme s'il n'y avait pas de Franco-Ontariens assez compétents pour s'occuper de ce poste. A ce que je sache, aucune initiative n'est annoncée au ministère des Affaires municipales par le ministre qui devrait servir d'exemple à certains de ses collègues qui sont beaucoup moins enthousiastes que lui dans ce domaine. L'avenir et l'efficacité du CAFO, qui a tant fait pour promouvoir la cause de la francophonie en Ontario, sont mis en doute.

En terminant, je voudrais poser quelques questions au ministre, auxquelles j'espère qu'il pourra donner des réponses précises. J'en ai trois parmi d'autres. Premièrement, est-ce que le ministre peut nous donner une date précise pour le dépôt à l'Assemblée de son projet de loi-cadre? Deuxièmement, est-ce que le gouvernement se propose de déclarer au cours de l'année 1986 l'Ontario officiellement bilingue? Troisièmement, est-ce que le ministre peut nous donner des précisions sur l'avenir qu'il réserve au CAFO?

Le temps est venu de passer des belles paroles aux actions concrètes. Vos collègues anglophones vous ont montré comment faire. C'est à votre tour de jouer vos cartes. Vos électeurs francophones de Cornwall ainsi que ceux de toutes les régions de la province, j'en suis sûr, commencent à s'impatisser.

8:40 p.m.

Mr. Bossy: On a point of order, Mr. Chairman: It is very sensitive, I know, but it is unfortunate that we do not have translation. I am sure the remarks—and I happen to understand the language—are very good. We have so many people here who have not understood one word of what was said, which was not translated either, so it is either/or and we are caught in a sort

of catch 22. Members have a hard time comprehending what is going on here unless they are bilingual. I could explain this in the Flemish language and then you would not understand either.

I understand French and I can speak enough to get by, but it is unfortunate that we have lost some of our members. Why participate? We cannot respond. I can manage, but the other members on the committee cannot respond. If the answers to the questions are given, these members will not even know what the responses were.

To have dialogue in the committee on these affairs, and to make it harmonious to resolve the problems we are here to help resolve—and I am sure every member who is sitting—

Forgive me, I am a little bit long-winded on this because I do not know how to put it in the proper words.

Hon. Mr. Grandmaitre: You are doing very well.

Mr. Bossy: I am apologizing to my own colleagues for the fact that they do not understand. We do not have translation here now, and it is someone's fault that we do not. It should have been here a long time ago.

Let us be honest. We have to deal with the realities, but if we are going to resolve the problems of the francophones, we should try to explain them as much as possible in the language that is understood by all here, but not spoken by all, unfortunately.

Mr. Chairman: Mr. Bossy, you have put the dilemma extremely well. I personally, from the chair, am delighted there is a dilemma. When these dilemmas arise, they create pressure on the system around here to rectify the problem or the dilemma. So it is necessary, perhaps—it may be sad to say—that there be these kinds of pressures on members of the committee, and on other committees as well, I hope, so they feel this kind of pressure.

Mr. Bossy: If I did not understand, there would not be any pressure, because I would walk out.

Mr. Chairman: But that is a form of pressure in itself.

Mr. Guindon: I appreciate the comments of the member for Chatham-Kent (Mr. Bossy); I really understand them. The only thing I must say is that in 1967 there was a resolution—I think it was brought in by Mr. Roberts and I believe it was seconded by my dad, Fernand Guindon—which permitted the use of both languages of this

country in the House. I do not want to seem fanatic or in any way trying to lower my English confrères, but I am determined to conduct this meeting in French and, with all due respect, I think I should be allowed to do it.

Mr. McGuigan: I certainly have no objection to that.

Mr. Chairman: I do not think there has been. I do not think that is what Mr. Bossy was saying either.

Mr. Shymko: Just as Mr. McGuigan pointed out, I do not think there would be any hurt feelings or objections from those who do not understand French.

However, in regard to what Mr. Bossy has pointed out, the historic nature of the introduction of French as an official language to be used in the House is practically useless, because whoever speaks French in the House is not understood by 95 per cent of his colleagues. When Hansard records the text, it is recorded only in French, and since those members cannot read French, just as they cannot understand French, they will not understand it even when Hansard records it. That is the whole sense of existentialist absurdity that would turn Albert Camus in his grave if he were to see this.

However, perhaps it may be possible, maybe by a motion, that the next time this committee meets—and I do not know how long the destiny of all of us as members of the Legislature will keep us together so that we can meet again in the future—we should show the leadership in this committee to provide, for the two and a half or one and a half hours of estimates, at whatever the cost, a simultaneous translation. There are companies that will provide it at a minimal cost. It is done for committees when witnesses come, whether it is the standing committee on social development or whatever, who speak only French and present a brief in French. I think it is allowed—correct me if I am wrong—to provide simultaneous translation.

Mr. Chairman: Mr. Shymko, may I make the suggestion that, while the debate is floating about this evening, you busy your very fertile mind with the drafting of a resolution—I am being serious—that would allow us as a committee to make that very recommendation. We can pass it as a motion and forward it to the Board of Internal Economy. I suspect that this would be an appropriate evening to deal with such a resolution, and the chair would entertain it very favourably if you were to do that before we adjourn this evening.

Mr. Pouliot: Thank you very much for helping in the spirit of generosity and for helping to get other colleagues and friends out of their collective and individual misery. If the procedures that guide these deliberations would allow it, I would certainly volunteer to move the adjournment of these estimates until perhaps next Wednesday or until such time as simultaneous translation can be provided.

Mr. Chairman: May I suggest that you think about this for a moment for a couple of reasons, Mr. Pouliot? I am not antagonistic to your motion, and if at some point you decide to move it, I would not rule you out of order.

However, we have approximately one week left in this session, and I doubt very much that the machinery can be put in place to do this and, in addition, deal with the other estimates that are already scheduled to be before us next week. So I would ask you to think about that very seriously.

Perhaps if you and Mr. Shymko could get together with Mr. Guindon to combine your two ideas about not meeting again unless simultaneous translation is provided, it would be a very positive and a most appropriate motion.

Mr. Guindon: I have a supplementary and I will try to be as brief as possible. I realize the full impact of what you have said. I can quote verbatim what you have indicated. Those are words of wisdom.

However, the precedent has certainly been established in other fields of endeavour, in other ministries. I am thinking, for instance, of the Ministry of Education, where they have been moved and they have been deleted; they have been completely, *comme on dit*, "oblitérés," forgotten until the next session. So no, with all due respect, you are not on dangerous ground. You can readily make that decision.

Mr. Chairman: All right. All I am trying to tell you is that if you move that motion and it is carried, the estimates of this particular part of the process—namely, francophone affairs—will not be dealt with in this session. That is my concern. I simply think it will not happen; that is my only worry. I am not antagonistic to the suggestion at all. I would ask you to think about this with your other opposition and government colleagues before you move such a motion; that is all I am asking. The minister wanted to say something as well.

Hon. Mr. Grandmaitre: I would even second that motion. However, as the minister responsible for francophone affairs, I have to deliver services to that population. I would urge the committee to go on for the simple reason that

this House will rise within the next 10 or 12 days and I think we should go on. I would ask you again for your indulgence. I know that francophones are accommodating people, and I hope my confrère Mr. Pouliot will agree with me.

Mr. Pouliot: Certainly the point is recorded and I hope it will be well taken.

Hon. Mr. Grandmaitre: Yes, it is.

Mr. Chairman: Are we prepared to go ahead with Mr. Pouliot's remarks at this time? Is there anything else on this point of order?

Mr. Shymko: We are discussing a suggestion for a possible motion by Mr. Pouliot. I would say that I think all of us as members of this committee—including you, Mr. Chairman, and the minister—would be intrigued to hear some of the very important concerns that Mr. Pouliot has as critic of francophone affairs for his caucus and his party, and it would be detrimental to our addressing of some of these concerns if we were to adjourn for an unspecified time.

8:50 p.m.

I do not know how long this session will last; we may adjourn in a week or two. I would plead with Mr. Pouliot that we allow this committee to continue so we may listen to some of the concerns and questions that Mr. Pouliot has in his party and his caucus, but we should definitely pass some kind of motion that at future meetings there will indeed be simultaneous translation.

Mr. Mancini: I feel somewhat embarrassed at my lack of knowledge of the French language.

Hon. Mr. Grandmaitre: We cannot speak Italian.

Mr. Mancini: I want to say to the French-speaking members of the Legislature who are here tonight, and to the minister who is responsible for francophone affairs, that maybe this is a sign for all of us to try to learn some of Canada's other official language.

However, before we move forward and listen to the remarks, which I will not understand, that will be made by my good friend Mr. Pouliot, I would like to deal with the motion we discussed earlier. I would like to deal with it now because I may not be here later on and I want to be part of the vote.

Mr. Chairman: Okay. I would just remind you that no motion has been put before the committee at this point.

Mr. Mancini: That is what I am saying. Let us get the motion put.

Mr. McGuigan: This has been a very good discussion in bringing these matters forward and

pointing out the dilemma that all members face. However, because of time constraints and because we would be doing a disservice to both language groups if we broke up this meeting because of this particular problem—I think it is a message the minister will certainly take to heart and I hope he will correct it on another occasion—I would certainly make the plea that we continue.

Those of us who are not francophones are certainly happy to pay every courtesy to the words that are said. I had about five years of French in high school and I understand it a bit. I can order my breakfast and I can read road signs, but I certainly could not take part in any conversation.

Mr. Mancini: Mr. Chairman, I was referring to a motion to be sent to the Board of Internal Economy, not the motion—

Mr. Chairman: Okay, that is helpful. I think Mr. Shymko, by nodding his head, had agreed to try to draft something before the end of the meeting.

Mr. Mancini: I just wanted to make sure of that.

Mr. Chairman: Mr. Pouliot, are you now prepared to go ahead with your leadoff remarks?

Mr. Pouliot: Certainly. I think the transcript will show that I did not move that; I was merely pointing it out. I certainly understand the words, particularly those of my friend Mr. Shymko. Everyone is interested in civility. It is a sentiment I understand very well—almost as well as reciprocity.

First, you will give me the opportunity to be among the last to congratulate the minister responsible for francophone affairs on his installation as such. It augurs well. We know of his dedication, and I do not say this with tongue in cheek. I am not one who writes complimentary letters to ministers of the crown; it is not my forte. Nor do I have any intention of becoming prolific in matters of this nature.

I also wish to point out with all the sincerity at my command the courtesies that are extended to us. The very fact that you bring your very dedicated and very able staff to partake in these important discussions augurs very well for all members of the committee when we address the very important matter of francophone services in the largest province in the Dominion, Ontario.

Having said that, I would like to borrow some words that were spoken by my colleague Mr. Guindon: “Plus ça change, plus c’est la même

chose; plus ça change, moins ça change ou rien ne change aussi.”

Le gouvernement de vos prédécesseurs avait adopté une politique d'étapisme dont vous ne tenez pas compte dans vos remarques. Vous n'avez même pas fait allusion aux besoins des francophones. Vous n'avez pas fait allusion à l'étapisme. Vous n'avez pas fait allusion aux services qui, chez les autres, sont des services de tous les jours, des services pris pour acquis.

J'aurais aimé féliciter le ministre pour son courage, le féliciter de vouloir donner aux francophones de l'Ontario leur place au soleil. J'aurais aimé lui dire: “Monsieur le Ministre, chez vous quand j'essaie de vivre dans ma langue—et ici il y a 400 ans qu'on le fait—je me sens chez nous.”

Moi, je vous ai cru. I believed in you when, some eight months ago, we were given to believe that some of those essential services that others take for granted—the right to almost every good and service in the language of the majority—would be granted to the founding race in Canada, the francophones. We are 500,000.

I was reminded that patience was a virtue, and after eight months some of us risk becoming saints, I can assure you. The future can last a long time.

I am not losing trust. What I fail to see in your documentation is any forward momentum, any specifics to deal with very basic elements when we talk about essential services. It does not demand a great deal of courage. All someone has to do is stand up.

Your document is somewhat bland, but it does one thing. You can walk away with it; it does not offend anyone. It does not offend anyone because it lacks imagination, it lacks innovation. It says nothing about guaranteeing the services that have already been acquired after long struggles and fights. It says nothing about the very daily living and working conditions that we have to endure by virtue and reason of the lack of plain common sense and basic decency. It says nothing about that.

You have presented us with a document qui est axé sur la publicité, qui est axé sur l'information. Les services acquis jusqu'à maintenant, services essentiels, il faut le dire, ne sont même pas garantis.

A previous speaker made mention of the very fact that as a matter of right we are able to use either English or French in the Legislative Assembly of Ontario. It is a point that is not abused. We realize the numbers game; we are very much aware of it.

We also realize the lack of basic common sense. It is not practical. For instance, if a member is to rise on a point of order or a point of privilege, he can do several things. He can be somewhat dishonest. He can stretch the fact that the honourable Speaker may not have, as one of his many attributes and qualities, a sufficient command of the French language to rule him out of order and, if he were to do so, it could be somewhat risky.

It is an amazing process that you give someone the right to speak French, but when you do so, you do not recognize the very basic right and you do not even bring it to its logical conclusion. You almost make sure—and I know it is not by design, but the system is such a fallacy—that no one can understand him.

Somewhere along the line, if you have common sense, if you grant a right do you not bring it to its logical conclusion? I would have liked to see this intent as a matter of policy or as a matter of just plain making it workable.

I heard a cynic say—and I am not the one saying this; it was one of my francophone friends—that when the Premier of Ontario makes a very commendable attempt to speak French, he would at least like to pick him up on the English network. I am not the one saying this. Certainly every point raised in either language is well taken in the House, some more than others. It is like appreciating people.

Je suis désappointé parce qu'on a attendu. Cela fait huit mois qu'on attend.

9 p.m.

We are going to wait somewhat longer. We are not asking for the end of the world. You do not hear us make demands that are unreasonable. What we want is to see a progression, again where numbers warrant. You do not have to be bold; all you need to be is practical.

You have mentioned that a motion could not be entertained because of all the words of wisdom—we are not talking about substance; there is no substance here, or there is a very evident lack of it—that the House may adjourn and we will not have a chance to deal with it. Shame.

On the other hand, there is an omission. No one tells us about the loi-cadre that you have talked about, in which your staff have been asked to examine and to come up with some workable alternatives: a few more services, guaranteed services—nothing big, just reasonable.

You know what is going to happen. You have the responsibility and the mandate to introduce it next week. If you mean what you say, and I think

you do, you also have that duty. You can do so; you have a week to do so. Should you fail to do that, the emphasis when this House resumes, assuming it will be some time around mid-April, will be on the new budget. We know that and you know that. It is how the game is played.

In the meantime, more important, the aspirations, the trust and the belief will have been altered to a degree where people are going to say: "My gosh, we trusted them. We believed in what they said. It was a nice speech, but they failed to deliver when they had the opportunity." It is an opportunity you still have, and we encourage you.

My colleagues and I in the New Democratic Party still believe that you have the power. We have given you substance. You know which direction you wish to go. We are saying simply that, while we respect the rights of the majority and understand that constraints and restraints are at times the order of the day, we wish you would do something and we hope you will. We will be watching closely.

Mr. Chairman: Mr. South, do you have a point of order?

Mr. South: Yes, I would like to make a comment. I apologize for being late. I appreciate what the honourable member behind me is saying. He has a lot of my sympathy, etc.

However, I and a lot of us here would feel a lot more sympathetic if he or anyone in this room were in the position where he could not express himself in English. I would then feel a greater sense of urgency for us to communicate with him in French. I do not mean to disparage you or to put you down, but I would have a greater sense of urgency to move in the direction you want us to move in if I felt there were someone in this room who was suffering because he was unable to express his thoughts to the rest of us. You express yourself better in English, probably, than I can.

Mr. Pouliot: You are very kind, but we still like to be elected.

Mr. South: I will tell you a joke. May I tell my joke? I think you would like it, Mr. Chairman.

Mr. Guindon: On a point of order, Mr. Chairman: The minister has not had a chance to respond to both critics.

Mr. Chairman: I agree totally. What we should do next is to give the minister the opportunity to respond to the two critics. Then we can get into individual comments by members, including Mr. South and whatever he wishes to contribute to the debate.

Hon. Mr. Grandmaitre: I will start off with my Tory critic. I will address him in English because his comments were in English, and then I will continue in French.

I agree with the honourable member that back in 1967 his father and the Honourable John Robarts introduced legislation permitting French and English to be heard in the House; but imagine, from 1967 to 1985 nothing was done to provide simultaneous translation so that anglophones could listen to them. That is the lack of courage of the previous government.

Je peux maintenant répondre aux questions plus spécifiques de mon collègue M. Guindon. Je me souviens de la journée où le projet de loi 89 de M. Albert Roy a été présenté. M. Bill Davis, premier ministre de l'époque, s'est levé pour annoncer que jamais, jamais sous sa tutelle, la province de l'Ontario ne serait déclarée officiellement bilingue. Lors de la dernière campagne pour le leadership, M. Miller a dit à la radio, et il l'a répété à la télévision, que non. On a même profité de l'opposition libérale pendant trois élections pour nous dire que jamais on ne déclarerait cette province officiellement bilingue.

C'est de ce genre de gouvernement que nous avons hérité, d'un gouvernement qui donnait des bonbons, qui donnait des services au compte-gouttes. C'est le genre de gouvernement qu'on a. Et aujourd'hui, on peut me critiquer ou on peut critiquer le gouvernement actuel. On dit: "Qu'a-t-on fait pendant sept mois?" Je peux vous assurer que mon personnel a plus fait pendant les sept derniers mois que le gouvernement conservateur avait fait dans les 42 dernières années.

En ce qui concerne les services, je voudrais rassurer mon collègue. Actuellement, on ne parle pas de services mais de garanties au Cabinet libéral, pas de bonbons, pas de services au compte-gouttes. On parle de garanties.

M. Shymko: C'est la réponse à la deuxième question de M. Guindon?

L'hon. M. Grandmaitre: Oui.

M. Shymko: Garanties, bilinguisme officiel.

L'hon. M. Grandmaitre: On a parlé de conseils homogènes. Il semble en effet qu'Ottawa-Carleton va profiter d'un tel conseil. Voilà une chose qui a été refusée par le Parti conservateur pendant 12 ans; aujourd'hui, c'est en place. Je ne vais pas m'aventurer dans le domaine de l'éducation; c'est celui de M. Conway qui, je crois, se débat actuellement dans de l'eau bénite et je ne pense pas qu'il ait besoin de mon aide. Alors je n'ai jamais promis une

commission royale. J'ai promis une commission, et vous allez l'avoir.

Je peux vous assurer que le Cabinet accepte le principe de services et de garanties. En sept mois, nous avons présenté plus de législation que le gouvernement conservateur n'en avait présenté au cours des quatre dernières années. Notre ordre du jour législatif est donc extrêmement chargé. Et j'ai l'intention de développer les mesures prises pendant les sept derniers mois.

En ce qui concerne le remplaçant de M. Sauvé, c'est tout à fait vrai que nous avons fait passer une annonce dans les journaux du Québec et de l'Ontario pour pouvoir profiter de l'intelligence et de la compétence de toutes les personnes qui possèdent les deux langues officielles du Canada.

9:10 p.m.

En ce qui concerne mon ministère—surtout les affaires municipales—je peux vous assurer qu'aucune personne bilingue n'a jamais travaillé dans le bureau de l'ancien ministre. Aujourd'hui, j'en ai sept. Cinq francophones. Voilà quelque chose que le gouvernement conservateur n'a jamais fait en 42 ans. Si l'on parle de l'avenir et de l'efficacité du CAFO, M. Guindon, c'est de la pure spéculation. Il va falloir attendre la présentation du projet de loi. Ensuite, je vous invite à faire vos remarques.

Je connais par ailleurs la sincérité de mon ami du Nouveau Parti démocratique, M. Pouliot, tout autant que son anxiété, que je partage. Il va pourtant falloir accepter encore ce qui semble être des excuses. Il faut dire que la Chambre doit bientôt ajourner ses travaux, et j'ai peur que le projet de loi ne passe pas en première lecture dans les 10 prochains jours. Je peux pourtant vous assurer que les personnes concernées travaillent avec acharnement pour faire avancer les choses le plus rapidement possible. Et il ne s'agit plus de services au compte-gouttes mais bien de garanties des services en français.

Mr. Chairman, maybe you have not listened very closely to what I have just said, but I just want to assure my honourable friend—

Mr. Chairman: The chair is aggrieved.

Interjection.

Hon. Mr. Grandmaitre: That is right.

I want to assure my honourable friend that this government is committed to guarantees, not tokenism. I can assure you that we would not have waited 18 years to provide simultaneous translation in the House after bragging that we initiated the possibility for a member to express himself in French in the Legislature.

You defeated your argument by saying that nobody would understand for the simple reason that we do not have simultaneous translation. You had the opportunity; you had 14 years to do it and you never did it. So it is a very poor excuse that you come before this committee today and say, "I am accusing you, l'Office des affaires francophones, because you have not done anything."

Mr. Guindon, you should read the newspapers, because they know more about it than you do. You should read the newspapers and listen to radio and TV. I am sure you will learn exactly what this office is trying to do.

I do not have any other remarks, except to say that I am very proud of what the office has done in the last seven months. We are progressing every day and I am quite proud of those in the office. They are disappointed too, but they have been working under a disappointing government for the last 10 or 15 years and I sympathize with them today.

Mr. Chairman: Thank you. Perhaps your remarks have provoked other members of the committee to get into the debate.

M. Guindon: Je voudrais simplement faire remarquer que c'est bien beau de lancer la balle d'un bord à l'autre, mais c'est le député d'Ottawa Est (M. Grandmaitre), c'est le député de Prescott-Russell (M. Poirier), c'est le candidat libéral de Cornwall qui, au cours de la dernière campagne électorale, ont parlé de bilinguisme et non pas le Parti conservateur. Pour ce qui est de la traduction simultanée, je crois que ça fait longtemps qu'il n'y a pas de débat comme on en a cette année. La chose se justifie d'ailleurs plus en 1985-1986 qu'il y a 14 ans.

Je ne suis pas satisfait de la réponse du ministre à la première question. Pourrait-il me donner une date précise pour le projet de loi-cadre?

L'hon. M. Grandmaitre: Je pense que j'ai très bien répondu à votre question en lui disant que mon personnel et le Cabinet travaillent actuellement d'arrache-pied pour présenter le projet de loi. Je n'ai pas mentionné de date car je n'en ai aucune à préciser ce soir.

J'aimerais répondre à la première remarque de mon collègue qui disait que le député d'Ottawa Est de l'époque a toujours été en faveur de voir ma province devenir officiellement bilingue. Monsieur le Président, je ne connais pas tous les règlements du comité. J'aimerais pourtant poser une question à mon collègue: "Êtes-vous d'accord pour que, demain, la province devienne officiellement bilingue?"

M. Guindon: Moi personnellement?

L'hon. M. Grandmaitre: Le Parti conservateur.

M. Guindon: Le Parti conservateur a son point de vue auquel j'adhère.

L'hon. M. Grandmaitre: Si je peux imiter le chef de l'opposition (M. Grossman), oui ou non?

M. Guindon: Il n'y a pas besoin de répondre à ça. C'est vous qui ne répondez pas. Si on commence sur ce sujet, on en aura pour toute la soirée.

L'hon. M. Grandmaitre: Pour la deuxième question, à savoir si le gouvernement se propose de déclarer en 1986 l'Ontario officiellement bilingue, je crois que le premier ministre y a déjà répondu à plusieurs reprises. C'est une vieille histoire, non?

M. Shymko: C'est un conservateur ou un libéral?

L'hon. M. Grandmaitre: Je parle au niveau provincial, Monsieur Shymko. Je crois que le premier ministre y a répondu très clairement en disant non.

M. Guindon m'a demandé si je pourrais lui donner des précisions sur l'avenir que je réserve au CAFO. Comme je l'ai déjà dit, je pense que le CAFO a un rôle à jouer et je veux présenter ce soir les prévisions budgétaires du CAFO. Le CAFO va demeurer en place jusqu'aux prochains ordres.

M. Guindon: C'est quand, les prochains ordres, après le dépôt de la loi-cadre?

L'hon. M. Grandmaitre: Oui.

M. Guindon: Bon.

Mr. Pouliot: Mr. Chairman, the minister gave an example. I did not take offence; it was directed to my distinguished colleague. However, in a spirit of generosity, to say the least, I was a little shocked when he mentioned that the press was more informed than my learned colleague.

I was suddenly reminded that I had received a document with your opening remarks very late in the day. Maybe that explains why the press may have the opportunity to be better informed than some of us here, but it does not speak very highly of open government. I am sure you have nothing to fear in matters of this nature and we can look forward to advance notice at the next opportunity so that collectively we can all move in the same direction with perhaps more substance to our arguments.

I have some questions. Did I hear loud and clear that the government you represent is committed to simultaneous translation?

Hon. Mr. Grandmaitre: Yes, we are.

Mr. Pouliot: Soon?

Hon. Mr. Grandmaitre: Yes.

Mr. Pouliot: You are talking here about simultaneous translation in the Legislative Assembly, in the House?

Hon. Mr. Grandmaitre: It is under study at the present time, as you know. We are awaiting all recommendations concerning simultaneous translation.

Mr. Pouliot: But your party is committed to providing simultaneous translation.

Hon. Mr. Grandmaitre: Yes, we are.

Mr. Pouliot: Can you give us a date to help us along? I do not want a specific date, but will it be soon, in the not-too-distant future? When?

Hon. Mr. Grandmaitre: I cannot even speculate on this. It would be unfair for me to—

Mr. Pouliot: Maybe it is an unfair question and the degree of fairness will become more prevalent as we go along.

Mr. Chairman: Would you allow a supplementary, Mr. Pouliot?

Mr. Pouliot: Yes, certainly. I have other questions.

Mr. Chairman: It is just a supplementary to that question.

9:20 p.m.

Mr. Guindon: I just wanted to inform the member of the New Democratic Party that it has already been approved by all parties and it has now gone to the Board of Internal Economy. It is a question of time and, if you want me to answer, probably the time that it will come through will be whenever they make the renovations to the House for electronic Hansard with television.

Mr. Chairman: The chair might be of a little bit of help. The standing committee on members' services, on which I sit, made the recommendations to the Board of Internal Economy to accept this and to push for it. The recommendations were made early because of the very renovations that will be going on in the chamber. The idea was that this would all be done at the same time and would all be done as quickly as possible.

Mr. Pouliot: With respect, I have heard the minister speak loudly and clearly, and with some passion and commitment, about guarantees of existing services. I have a very simple mind and maybe you can help me with this. Am I to assume that the services available to francophones under the jurisdiction of the province of Ontario will be guaranteed? Am I to understand that?

Hon. Mr. Grandmaitre: I am not trying to avoid answering your question, but you will appreciate that it is before cabinet and I cannot divulge what is going on in cabinet. However, let me assure you that you will be pleasantly surprised.

Mr. Pouliot: I have a few more questions, but I will be brief. Before I go to the next question, if I were to promise that it would be our secret, that I would not tell anyone; if I were to ask for your trust, when you mentioned the improvement of services—because I have a large constituency out there, and they are like me: they try to go to the crux of the matter very simply and precisely; we save time that way—what are they, and when? More services. What are we talking about? I do not want to pull teeth here.

Hon. Mr. Grandmaitre: My answer to the honourable member is that I trust him more than he trusts me. I will tell you out in the hallway. I will be much more specific.

Again, it is before cabinet, not only services but also guarantees, and I cannot elaborate on this, with all due respect to my caucus and to cabinet.

Mr. Pouliot: With respect to what has been termed la loi-cadre, you will correct me if I am wrong—and I do not want to play games—but I must have asked you four or five times—

Hon. Mr. Grandmaitre: At least.

Mr. Pouliot: Thank you. In fact, I mentioned to you once with tongue in cheek—I sent you a memo in the House through our excellent page system—that it is excellent, that you should not have given so much; we did not expect that much. I must have had a nightmare or a dream, because I woke up in the real world, in your world, and there was nothing. It was empty. I had been wishing my life away.

“Just wait, Gilles. I have one more ministry”—and I am quoting you almost verbatim; that is not a secret—“I have to convince the Minister of Health (Mr. Elston). There are a few accrochages ou chatouilles qui vont tourner aux grafignages, selon les tendances,” mais là il faut que je fasse attention.

I am trying the best I can. This is a serious matter. Every month you tell me, “Wait until next month.” You sort of feel comfortable.

I do not have to save face. I am asking you again, when will be the month? Un jour ce sera ton tour. I am not asking that I win the lottery. I am asking you to try to be a little more specific, because there is a matter of credibility here. I go and tell the people exactly what you tell me, and

they say, "Gilles, if grandmaster, if Mr. Grandmaitre told you this, that is the way it is." Now they look at me and say: "Gilles, ask him again. Ask him in a different way."

Hon. Mr. Grandmaitre: He might change his mind.

Mr. Pouliot: Can you seriously give us a commitment? When are you going to table the long-awaited loi-cadre?

Hon. Mr. Grandmaitre: Can I ask the member what he means by "loi-cadre"? What is your version of "loi-cadre"?

Mr. Pouliot: It is not in front of my cabinet. We put you there for that reason. It is in front of your cabinet.

Hon. Mr. Grandmaitre: You are using the term "loi-cadre"; I am not. What do you mean? What is meant by "loi-cadre"?

Mr. Pouliot: What is meant by "loi-cadre"? If can give you a sample, "la primauté de la loi à moins qu'une loi"—

Do you want me to go on? I have about 15 pages, which I am sure will form the essence of the loi-cadre. You have the same document. Do not play games.

Hon. Mr. Grandmaitre: I am not playing games, but to a lot—

Mr. Pouliot: It is just what I mean by "loi-cadre."

Hon. Mr. Grandmaitre: May I answer?

M. Guindon: Ce sont des garanties. C'est ce qu'il a dit. C'est ça la loi-cadre. Comment est-ce ça va arriver? La santé, des services sociaux.

M. Pouliot: C'est ce que je lui demande, mais il ne peut pas répondre. Il joue avec les mots.

M. Guindon: Il a dit de lire les journaux.

L'hon. M. Grandmaitre: Non, je demande seulement à ceux qui peuvent lire de lire les journaux.

Maintenant je peux vous répondre. L'idée de la loi-cadre que se font beaucoup de personnes ne semble pas te la même qu'on ne pense. Quant à la loi-cadre dont vous parlez et la loi-cadre dont je parle, je peux vous garantir que nous sommes sur la même longueur d'onde. Mais pour plusieurs, la définition actuelle de la loi-cadre n'est pas celle dont on parlait il y a 10 ou 15 ans. On la modifie chaque fois qu'on parle d'une loi-cadre.

Qu'est-ce que j'entends par "loi-cadre"? Je parle des garanties qui font partie de mon projet de loi.

M. le Président: Vous êtes content?

Mr. Pouliot: I am very satisfied. Thank you.

Mr. Allen: I believe this fits best under the category of a supplementary, Mr. Chairman. You will correct me if I am wrong. It certainly has to do with services to the Franco-Ontarian community.

I noticed that in the remarks by the honourable minister on page 8 there is passing reference to various reports being analysed, and it refers specifically to the Bovey report on Ontario universities.

I do not know whether the minister is directly familiar with the analysis that was done or whether he has reflected on the results of the analysis, but I would be very interested in hearing his comments if he has. He may remember that the Bovey report sanctioned a short-term period of reduced accessibility to Ontario's universities while at the same time proposing in the long term, which I think many people in the universities and in many communities in Ontario hoped would be quite soon, a restoration and advance of accessibility to the universities.

That was very significant in the light of the problems that Franco-Ontarian families and students have in terms of the accessibility they experience to Ontario's universities. You probably know that the participation rate in the university age group for Franco-Ontarian young people is significantly lower than the Anglo-Canadian or Ontarian norm, and certainly significantly lower for Franco-Ontarian women.

What I am concerned about, having analysed the document, is what does the council propose to do and what advice do you propose to give the Minister of Education with respect to moving on improved accessibility to post-secondary education for francophone students in Ontario.

9:30 p.m.

Hon. Mr. Grandmaitre: I would not want to get into a very lengthy discussion on the Bovey report for the simple reason that the Minister of Colleges and Universities (Mr. Sorbara) and the Minister of Education (Mr. Conway) are very much aware of the contents of the Bovey report. At the present time the Minister of Colleges and Universities has announced in the House that he will be correcting some of the anomalies and some of the lacunae that exist at the university level.

You are also quite aware of the Churchill report. The minister intends to incorporate some of the Bovey and Churchill recommendations. I cannot give you a precise date when this will be done by the minister responsible for universities

and colleges, but I can assure you he is very much aware of and is in the process of responding to these recommendations.

Mr. Allen: So some of those recommendations will address themselves specifically to the accessibility problems for Franco-Ontarians?

Hon. Mr. Grandmaître: I would have to say yes, but I have not seen his report.

Mr. Allen: That remains rather general, but I am glad to hear the direction. I hope we will see the substance fairly soon.

Hon. Mr. Grandmaître: We are all anxious to see it. I agree with you that the Churchill and Bovey reports amplified the realities of the lack of francophone institutions, the lack of French programs in the universities and the dropout of francophones at the post-secondary and high school levels. I hope this government will react to these two reports.

Mr. Allen: I am glad to hear that, because the previous government acquiesced apparently very willingly in a problem of accessibility that it really did not even get down to studying very seriously when you come right down to it.

M. Guindon: Quelles mesures spéciales ou autres entendez-vous prendre pour assurer l'embauche des Franco-Ontariens ou Franco-Ontariennes au sein de la fonction publique?

L'hon. M. Grandmaître: Je peux assurer mon collègue que présentement le gouvernement a montré son initiative. Si on se présente dans le bureau du premier ministre ou dans mon bureau, on peut s'adresser en français ou en anglais et les coordonnateurs m'assurent qu'il y a un manque de francophones compétents au niveau de la plupart des ministères. Mais mon collègue doit avouer que le gouvernement ontarien n'a jamais fait d'efforts pour vraiment attirer des francophones compétents.

Alors je suis sûr, si mon collègue est d'accord avec moi, que plus d'efforts seront faits dans cette mesure. Je suis main dans la main avec lui que le gouvernement devrait faire plus d'efforts pour embaucher des francophones, et je suis encore à la recherche de francophones compétents pour travailler dans certains ministères, mais cela est très difficile lorsqu'il s'agit d'un déménagement d'un autre centre. Que ce soit Cornwall ou que ce soit Ottawa, il faut prendre en considération le déplacement d'une famille et peut-être un problème d'éducation ou quoi que ce soit. Alors la tâche n'est pas facile, mais je peux vous assurer que le gouvernement fait tout son possible présentement pour combler ces postes.

M. Guindon: Merci. Je peux dire qu'au cours des 15 dernières années le gouvernement conservateur a suivi toutes les recommandations de la Commission royale d'enquête sur le bilinguisme et le biculturalisme dans toutes les juridictions provinciales. Mais je ne veux pas m'en tenir à cela.

Au sujet de la loi-cadre et du bilinguisme en Ontario, je dois vous demander ceci. Je vais citer votre discours du 22 novembre 1985 à la conférence de mise en œuvre de la politique de services en français du ministère des Services sociaux et communautaires. Vous dites: "Il faut s'assurer qu'il y ait un nombre suffisant de professionnels francophones sur le marché du travail si l'on veut que les francophones bénéficient de services satisfaisants dans les diverses disciplines du secteur de la santé et des services sociaux."

Est-ce qu'il faut attendre cela pour déclarer la province de l'Ontario bilingue comme votre parti, et vous-même l'avez dit?

L'hon. M. Grandmaître: Cela revient à la question posée par mon collègue plus tôt, si le gouvernement est prêt à appliquer les recommandations de la Commission Bovey et du rapport Churchill. Alors il faut procurer l'occasion de former des francophones compétents. Notre système d'éducation ne le permet pas. Alors mon collègue M. Conway a présenté un projet de loi qui garantirait au moins des cours en français ou une éducation en français jusqu'à la 13^e année, et mon projet de loi que je dois présenter veut s'assurer qu'il y ait une prolongation de ces services et de ces droits d'être éduqué et de former des francophones professionnels, que ce soit des médecins, des psychiatres, des avocats ou quoi que ce soit.

On n'a jamais eu en place un programme de formation jusqu'au niveau universitaire. Le gouvernement en est conscient, on veut combler cette lacune et permettre aux francophones une éducation bilingue, que ce soit en français ou en anglais, jusqu'au niveau universitaire. Il faut former ces professionnels et les placer.

Pour revenir à ces garanties dont vous avez parlé, je crois qu'il serait très injuste que le gouvernement libéral donne des droits à la population francophone et qu'on n'ait pas les institutions en place pour garantir ces services. Alors ce n'est pas une gumbdrop qu'on donne, on veut leur offrir des services, excepté qu'il faut avoir la programmation en place pour former ces gens. Je crois qu'il serait très injuste que le gouvernement offre des services sans avoir les outils en place.

M. Guindon: Dans ce cas, dites-vous que la province du Nouveau-Brunswick est injuste envers les francophones parce qu'ils ont déclaré la province bilingue?

L'hon. M. Grandmaitre: Non, je ne voudrais pas avoir les mêmes problèmes que la province du Nouveau-Brunswick a eus.

M. Guindon: Pour revenir au ministre des Collèges et Universités, qu'est-ce qu'il fait pour améliorer le programme?

L'hon. M. Grandmaitre: Vous pourriez lui poser la question lorsqu'il passera devant ce comité.

M. Guindon: Je lui ai demandé avant-hier et il n'avait pas de réponse à me donner.

L'hon. M. Grandmaitre: Si le ministre n'avait pas de réponse à donner, imaginez-vous quelle sorte de réponse que j'ai à vous donner.

M. Guindon: C'est votre ministère. Du moins moi, je comprends le ministre délégué aux Affaires francophones comme un administrateur de tous les ministères.

L'hon. M. Grandmaitre: Non.

M. Guindon: Vous n'avez pas le droit d'aller vous mettre le nez dans chaque ministère, comme la Santé, qui n'a rien en français, ils en ont un peu, mais vous n'avez pas le droit d'aller vous mettre le nez là-dedans?

L'hon. M. Grandmaitre: Pas du tout.

M. Guindon: Il n'y a personne dans votre ministère qui a le droit d'aller voir, par exemple, le sous-ministre du Développement du Nord et des Mines et de dire: "Il manque des services en français ici." Vous n'avez pas le droit comme ministre délégué aux Affaires francophones de vous occuper de ça?

L'hon. M. Grandmaitre: Je n'ai pas le droit d'imposer à un ministère ou à un ministre, excepté qu'avec des gens comme le Conseil de l'éducation franco-ontarienne et le CAFO on peut identifier ces lacunes et faire des recommandations. Le ministre délégué aux Affaires francophones n'a aucun droit d'imposer à qui que ce soit, à aucun ministère.

M. Guindon: Mais quelle sorte de garantie allez-vous nous donner quand vous parlez de garantie et de loi-cadre?

L'hon. M. Grandmaitre: Il va falloir attendre que je présente mon projet de loi.

9:40 p.m.

M. Shymko: Tout d'abord je félicite le ministre pour son poste de responsabilité. Je félicite autant la directrice de l'Office des affaires

francophones, Louise Beaugrand-Champagne, pour ses efforts et son travail passé, présent et à venir que la présidente du Conseil des affaires franco-ontariennes, Laura Gueguen-Charron.

Je me demande si au cours des discussions on pourrait demander à la directrice et à la présidente de répondre à quelques questions, soit expliquer des recommandations et des travaux qui ont été faits par l'Office et par le Conseil.

J'ai quelques questions à poser au ministre, tout d'abord, la question du Fonds de soutien communautaire. Du \$1,364.400, combien représentent les frais de l'Office et combien sont alloués au Fonds de soutien?

L'hon. M. Grandmaitre: Je vais demander à Mme Beaugrand-Champagne de répondre à cette question. Est-ce que vous avez un cahier, Monsieur Shymko?

M. Shymko: J'ai cela, c'est tout ce que j'ai. Je ne trouve absolument rien.

L'information que j'ai, si je pourrais vous donner quelques détails, est que l'année dernière, \$750.000 ont été alloués et distribués au moyen du Fonds de soutien communautaire. Selon les informations que M. Guindon et moi et le caucus venons de recevoir, les demandes ont excédé de beaucoup les sommes allouées. Je crois que c'est \$2 millions de demandes. Je parle des communautés. D'autre part la continuité des projets semble être assez bonne.

Étant donné la différence entre les \$750.000 l'année dernière et les demandes d'environ \$2 millions, votre gouvernement envisage-t-il d'augmenter au moins de \$1 million les montants alloués au Fonds de soutien communautaire?

L'hon. M. Grandmaitre: Sans vous donner de précisions, Monsieur Shymko, je vais demander à Mme Beaugrand-Champagne de vous répondre, mais nous sommes très conscients des refus que l'Office a dû faire dans les années passées dû au manque d'argent; cependant, plus que jamais les demandes se font et je crois que le gouvernement répondra de façon tangible.

M. Shymko: Vous dînez souvent avec le trésorier (M. Nixon)?

L'hon. M. Grandmaitre: C'est moi qui paie.

M. Shymko: C'est vous qui payez? C'est là l'obstacle. Il y a un manque de sensibilité et de compréhension de la part du trésorier, c'est ça ce que vous vouliez dire?

L'hon. M. Grandmaitre: Non.

M. Shymko: Mais enfin si je pourrais avoir une réponse.

Mme Beaugrand-Champagne: Une réponse. La réponse je ne sais pas si je peux vous donner la réponse, mais une réponse.

Les fonds disponibles pour les projets communautaires auraient sûrement besoin d'être augmentés. Le nombre de demandes augmente, la qualité, peut-être aussi, des demandes augmente d'année en année. Il y a des gens de tous les coins de la province qui ont toutes sortes de projets intéressants.

Malheureusement, on est un peu comme un père de famille qui voudrait tout faire pour chacun de ses enfants, qui malheureusement est obligé d'avoir des priorités et de choisir et d'essayer d'en faire au moins autant pour chacun, si en fin de compte il ne peut pas tout faire pour tout le monde.

Il y a une augmentation de la somme. L'an dernier, il y avait une allocation de \$500,000, cette année il y aurait une allocation de \$673,000.

M. Shymko: De plus?

Mme Beaupré-Champagne: Oui. Ce qui a permis de couvrir un certain nombre de projets additionnels. Évidemment, comme tout bon père de famille aimerait avoir une augmentation de salaire, oui, en effet, on aimerait avoir une augmentation. Mais enfin, ce n'est pas nous qui décidons. Nous, on ne peut que demander.

M. Shymko: Je suis certain que vous essayez de sensibiliser. Dans le cadre fiscal des économies, on voit une augmentation du déficit, dans le budget qui fut présenté par le trésorier, s'il y a en fait une augmentation du déficit pour des dépenses dans certains ministères.

Vous avez parlé, dans votre conclusion sur les besoins de la communauté franco-ontarienne, de donner plus d'élan vers ses besoins. Je suis certain de votre talent et de la pression que vous exercez sur le trésorier, sur vos copains au sein du Conseil des ministres. Mais selon la plupart des organisations et des associations franco-phones en Ontario, Monsieur le Ministre, vous savez très bien qu'ils reçoivent une grande partie de leur budget d'opération du Secrétariat d'État, du niveau fédéral; et une façon de démontrer votre appui, je dirais, envers la communauté franco-ontarienne, ce que vous avez mentionné plusieurs fois dans votre présentation, serait à notre avis que le gouvernement de l'Ontario participe au financement de ces organismes, ces associations.

Est-ce que ceci a déjà été envisagé par vous, par le gouvernement, et quelle est la position du ministre à ce sujet?

L'hon. M. Grandmaitre: Je dois assurer le député de même que cet après-midi, à 15h30. Nous avons encore une fois reconnu le besoin et les coûts de ces services et de ces garanties et je

peux vous assurer que nous avons reçu l'entière collaboration et l'appui du trésorier. Maintenant je ne peux pas vous donner de chiffres, mais j'ai confiance que le trésorier va faire tout son possible pour combler toutes ces lacunes. Même cet après-midi à 15h30, on parlait de services, de garanties, actuelles et futures. Et on parle de millions de dollars.

M. Shymko: On sait très bien que de temps en temps il y a de la partisanerie qui sort dans nos remarques. Mais en effet, nous voyons un changement, le fait que c'est unanime de la part des trois partis dans la question de traduction simultanée; c'est un changement, on donne plus d'élan à certaines questions et en effet, je vous dis que la question du bilinguisme officiel ne fut pas discutée au sein du caucus de l'opposition officielle, mais il se peut qu'un jour on en discute. Il y a des changements.

Hors de la partisanerie, nous savons que vous êtes membre de notre section ontarienne de l'Association internationale de parlementaires de langue française et votre présence à chaque réunion est bien reconnue. À la page 2, vous parlez de contacts que vous avez avec des juridictions étrangères sur les affaires francophones. Je voudrais souligner que j'ai eu le privilège, avec M. Pouliot et M. Poirier, d'être délégué à une conférence à Paris la semaine dernière. On a établi qu'au mois de septembre, on aurait l'installation officielle de notre section. L'année prochaine, il se peut qu'il y ait une réunion régionale.

Je me demande s'il y a des subventions ou des fonds que vous pourriez verser à ces deux occasions très importantes afin qu'en préparant le budget, on puisse compter sur votre sensibilité, votre compréhension, à donner de l'élan à cet organisme de parlementaires qui n'ont pas de partisanerie, en tout cas aux questions de bilinguisme, etc. Même, je dirais, le président de notre comité.

L'hon. M. Grandmaitre: Monsieur le Président, j'attends la demande de mon collègue.
9:50 p.m.

M. Shymko: Alors je vous remercie pour votre offre. Je crois que j'ai une ou deux questions et puis ce sera la fin.

Pour ce qui est du rapport que vous avez analysé à la page 8, on parle du rapport Poirier-Bastarache sur le bilinguisme officiel au Nouveau-Brunswick. Je me demande s'il y aura jamais un rapport Poirier-Pouliot ou Poirier-Grandmaitre chez nous au sujet du bilinguisme officiel en Ontario. Est-ce que vous avez déjà considéré un rapport ou une commission qui

étudiera la question du bilinguisme officiel suivant l'exemple du rapport Poirier-Bastarache?

L'hon. M. Grandmaitre: Sans donner toute garantie à mon collègue—peut-être que mon ami M. Pouliot va sauter sur sa chaise lorsque j'aurai présenté mon projet de loi—on parle d'une commission pour évaluer les services en français, la garantie même, le programme d'implantation dans certains ministères, mais je dois vous avouer très ouvertement que la responsabilité de la commission ne s'arrêtera pas sur les possibilités d'une province bilingue, mais j'accepte votre suggestion et je la retiens.

M. Shymko: J'attendais la réponse à la deuxième question de M. Guindon. Je vous félicite pour votre habileté et votre agilité à répondre sans réponse. Enfin, je n'ai pas entendu de réponse.

L'hon. M. Grandmaitre: A la deuxième?

M. Shymko: La deuxième question de M. Guindon, je la répète encore une fois. Est-ce que le gouvernement se propose de déclarer au cours de l'année 1986 l'Ontario officiellement bilingue?

L'hon. M. Grandmaitre: J'ai cru répondre aux trois questions de M. Guindon. Ma réponse, je la répète. Je crois que le premier ministre (M. Peterson) a déclaré à deux ou trois reprises dans la Chambre que pour 1986, non, il n'est pas question que la province soit officiellement déclarée bilingue.

M. Shymko: Pas pour 1986. Alors pour 1987, oui? Est-ce que ce sera avant les élections ou suivant les élections?

L'hon. M. Grandmaitre: Si j'avais l'assurance que l'opposition nous appuierait, peut-être. Je m'excuse, je ne veux pas inclure les néo-démocrates; ces gens-là se sont prononcés, cela fait plusieurs années qu'ils voudraient vivre dans un Ontario bilingue. Alors je parle de l'opposition officielle.

M. Shymko: Au sein de votre caucus, l'opposition? Vous parlez de cela?

L'hon. M. Grandmaitre: Non, je parle de l'opposition officielle. L'opposition de la reine, on l'appelle la reine. Je peux vous assurer que, comme mon collègue M. Guindon l'a mentionné plus tôt sur la traduction simultanée en Chambre et même aux comités, c'est chose possible, dû au fait que les trois partis s'entendent, tout le monde est sur la même fréquence, tout le monde est sur le même pied. Si j'avais ou si le gouvernement ontarien recevait la garantie du Parti conservateur—nous avons l'appui des néo-démocrates—peut-être que l'avancement de cette

déclaration se ferait dans un avenir très rapproché.

M. Shymko: Je comprends, selon vos remarques, que l'hésitation de ne pas dire que ce sera 1986 ou 1987 ou une autre date, c'est qu'on n'est pas certain de l'aspect politique de nos positions, pas de l'opposition officielle mais de l'opposition des citoyens de l'Ontario. Enfin la question politique, est-ce que ce sera acceptable par la majorité des citoyens de prendre le risque de déclarer notre province officiellement bilingue?

Je crois qu'il n'y a pas question que hors de la partisanerie, c'est là la vraie question. Et nous savons très bien qu'on a pris des positions concernant les fonds pour le soutien des écoles catholiques, une position qui n'était pas populaire mais qui était juste, question de justice, question de popularité.

Je ne parle pas de la question de notre service de santé, les médecins pour qui la popularité des citoyens est une chose, et la justice est une autre, mais nous voyons qu'un gouvernement est sensible pas à la popularité mais enfin à la question de justice, etc. Alors je me demande si en effet dans le calcul du jour propice de cette déclaration, est-ce que c'est une question de popularité parmi les citoyens en cas d'élection, ou quoi? C'est ça l'élément qui donne l'hésitation?

L'hon. M. Grandmaitre: Si je peux revenir sur une des réponses que j'ai données à mon collègue M. Guindon tantôt, je crois que le gouvernement mentirait à la population si demain matin il se présentait en Chambre pour déclarer la province officiellement bilingue et que nous n'avions pas les services ni même les garanties de ces services en place.

Alors je crois que ce serait insensé de penser au bilinguisme en 1986, mais je veux vous assurer que je ne connais pas l'avenir et qu'une fois les garanties en place, je crois que le gouvernement, que ce soit un gouvernement libéral, conservateur ou néo-démocrate, sera en meilleure position d'offrir—

M. Shymko: La troisième possibilité c'est un rêve.

L'hon. M. Grandmaitre: Tout est possible.

M. Shymko: Je vous remercie et je vous comprends très bien.

Voilà ma dernière question. Je voudrais la poser à Mme la Présidente. Je vois le rapport annuel du Conseil des affaires franco-ontariennes—

Mr. Chairman: Would you allow a supplementary to your question?

M. Shymko: Je voudrais simplement savoir si on aura l'occasion d'avoir la présidente répondre à une question ou deux.

Mr. Allen: Mr. Chairman, I would observe that the member obviously had rehearsed that last question many times. I suspect he may well have asked it, in the quiet of his own caucus during recent years, of another minister, not to say of a Premier of this province. It is well to put the question of whether one is simply conceding to a majority rather than respecting a minority in this whole issue. That has been the history of the question for too long.

May I ask you simply to answer two questions? Do you not yourself believe that the kind of guarantees you talk about for essential services really do rest with official bilingualism in the province; that there is no other really substantial guarantee that can be given, inasmuch as, otherwise, legislation in the future can readily erode what legislation in the present has given?

Second, you say we will not see official bilingualism this year; you have not said whether we may or may not see it next year. Is it the policy of your government, as you understand it, none the less to provide official bilingualism to this province in the course of the life of your administration?

10 p.m.

Hon. Mr. Grandmaitre: I wish I could answer yes or no to your question. You will agree with me that the situation has been very delicate in this province. If you had asked me personally what I thought, I would have answered you with a yes or a no, because you know where I come from and what I am aiming for.

As far as the government is concerned or as far as the future bill to be introduced is concerned, we need guarantees and we need quality services before official bilingualism is instituted in this province.

Mr. Allen: When a government makes a major step, as the last one did—and one must concede it was a very major advance, even before the commission investigating the question of the right to French-language school governance, to provide an education for every French-speaking child in Ontario, regardless of numbers in any given school jurisdiction—one would presume that, in the major area of service, the government was implicitly accepting what amounted to official bilingualism. I would have thought that the expansion of legal services available in, at

this point, every court in the province really does guarantee that in another domain.

I wonder what quality or extent of service is necessary before one then takes the qualitative leap to official bilingualism, whether at a certain point, such as where we are right now, we are not poised to be able to do that and then to let the pressure of the demand of the francophone community upon such services as exist push the rest of the way. Would that not be a sounder strategy?

Hon. Mr. Grandmaitre: It is a very good strategy, but you have asked me about five or six questions and I cannot answer them all.

The government is committed at the present time to improving services. You ask me what a quality service is. My only answer is that it is better than what is being provided at the present time.

Mr. Allen: My question was, what quality and what quantity do we have to reach before we then make that next step.

Hon. Mr. Grandmaitre: Having personnel, having people in place improves a service and then it becomes a quality service. However, at the present time, without really criticizing the former government—it did introduce services—you must admit that the francophone population did not always have access to those services.

Mr. Allen: I am not being argumentative, but in the federal government official bilingualism was adopted in advance of the completion of many of the services that would come as a result of the impetus that this declaration gave. I worry as I listen to you that we are going to have to look to the completion of every single service in all its fullness before we get to the point, in a fit of absent-mindedness, of simply adding on official bilingualism. Is that what you are saying?

Hon. Mr. Grandmaitre: No, I am not saying that. The question would be better answered by the Premier (Mr. Peterson), who is also the Minister of Intergovernmental Affairs.

As you know, when it comes to federal jurisdictions, this province showed initiative in declaring Canada officially bilingual. I should not say "officially bilingual," but at least Roy McMurtry played a great part for the government of Ontario in making sure that this province participated. At what level it wanted to participate was never officially declared, because the francophone population of this province was still given token services.

It is very difficult for me to answer this. I think the Minister of Intergovernmental Affairs would be in a better position to answer.

Mr. Guindon: If you are waiting to implement your guidelines, or your loi-cadre, to have all ministries provide services in French and if you do not have the power to impose on them the delivery of these French services, you are saying that we will never get them.

Hon. Mr. Grandmaître: I did not say that. What I did say is that once the French-language-services bill is introduced in the House, then you will be in a position to provide me with better questions and I will be in a position to answer you.

However, at the present time I am in no such position for the simple reason that I enunciated a while ago: It is still before cabinet. If you want to criticize me or the government after the introduction of the bill, you will be quite welcome.

Let me again make it very clear that my bill will not refer to official bilingualism, as I told your colleague Mr. Shymko. No, we are looking at services and guarantees. The bill will not refer to official bilingualism.

Mr. Chairman: Mr. Shymko, have you finished your questioning? There are a number of other people—

Mr. Shymko: I have just two questions to the president of the Council for Franco-Ontarian Affairs and that is it.

Mr. Pouliot: Mr. Chairman, he is asking supplementary after supplementary.

Mr. Chairman: Mr. Shymko has not asked a supplementary; he was continuing his questioning. However, there are other people who still want to participate, so I would ask you to be brief.

Mr. Shymko: Thank you for your fairness.

I wonder whether I might ask two questions of the president of the Council for Franco-Ontarian Affairs, and I believe the answer was yes, I could.

Voici ma première question. J'ai le rapport annuel de 1984-85 du Conseil sous la direction de Mme Gisèle Lalonde. Vous étiez vice-présidente, je crois. Dans l'introduction, Mme Lalonde dit ce qui suit: "C'est seulement avec une collaboration intense de la part du ministre responsable des Affaires francophones, des coordonnateurs des services en français, des associations franco-ontariennes et de toute la communauté que le CAFO pourra continuer son action vers la pleine reconnaissance des droits des Franco-Ontariens."

Est-ce que vous comprenez par "pleine reconnaissance des droits des Franco-Ontariens," la déclaration du bilinguisme officiel?

Mme Gueguen-Charron: Oui, c'était l'intention de Mme Lalonde, j'en suis certaine.

M. Shymko: Est-ce que c'est votre impression aussi?

Mme Gueguen-Charron: Oui, c'est mon impression aussi.

M. Shymko: Bien, on va garder la collaboration intense qui est mentionnée.

La dernière question c'est que je crois que le ministre a mentionné que vous conseillez le gouvernement en cas de recommandation, disons, sur la question de services de langue française au niveau municipal, langue et culture, santé, services sociaux, etc. Je ne vois pas de recommandation comme telle. C'est un résumé d'activités, etc.

Quand vous faites ces recommandations, est-ce que c'est une question de confidentialité, est-ce que c'est un secret? Est-ce qu'on pourrait jamais voir le texte de ces recommandations comme député?

L'hon. M. Grandmaître: Je pourrais répondre que le CAFO a été agréé par un gouvernement conservateur. Peut-être qu'on a empiété ses recommandations de venir en Chambre. Je ne sais pas mais je vais laisser la présidente répondre.

10:10 p.m.

Mme Gueguen-Charron: Vous me permettez de répondre. C'est évident que dans un rapport annuel, il est impossible de présenter toutes les recommandations telles qu'elles ont été formulées et telles qu'elles ont été présentées aux différents ministres.

Je peux vous assurer que si vous voulez des renseignements quant aux documents qui ont été présentés aux différents ministres, ils sont certainement disponibles. Il nous fera plaisir de vous les faire parvenir. Il n'y a aucun problème avec ceci, mais comme je vous dis, dans le contexte d'un rapport annuel, évidemment c'est impossible de reproduire tous les documents.

M. Shymko: Mais vous dites que si M. Pouliot, comme critique officiel des Affaires francophones, ou M. Guindon vous écrivent pour vous demander la liste de toutes vos recommandations de l'an dernier à chaque ministre, vous les enverrez.

Mme Gueguen-Charron: Je ne vois là aucune difficulté car il s'agit de recommandations qui ont déjà été présentées à des ministres et qui auront été discutées, nous l'espérons. Ce sont donc des recommandations ouvertes au public. Si M. Pouliot me demande de lui faire parvenir tous nos documents de l'an dernier, je me ferai un

plaisir de les lui envoyer. J'espère qu'il les lira tous.

M. Shymko: Lorsque M. Omer Deslauriers était président du Conseil et que j'étais moi-même président d'un conseil pour les affaires d'autres minorités, on mentionnait dans le rapport les recommandations qui avaient été soumises au gouvernement pour que celui-ci prenne des mesures.

Mme Gueguen-Charron: J'aimerais répondre en vous disant que si c'est votre désir d'avoir toutes nos recommandations, nous vous les enverrons avec plaisir l'an prochain; mais vous risquez d'avoir un gros document.

M. Shymko: Mais je pense que cela se justifie, même si on a beaucoup de papier, pour que notre cher ministre reçoive le soutien non partisan de chaque député de l'Assemblée législative dans sa lutte au sein du Cabinet.

Mme Gueguen-Charron: J'aimerais ajouter que la position du Conseil face aux différents dossiers est ouverte et connue. Périodiquement, nous avons même produit des brochures, des dépliants. Je pense en particulier aux bibliothèques où, à un moment donné, nous avons distribué à l'échelle de la province la position du Conseil et nous avons reçu des commentaires des Franco-Ontariens.

Il y a donc plusieurs façons de procéder; on essaie en fait de synthétiser et de donner l'essentiel.

M. Shymko: Vous êtes donc prête à discuter avec le Conseil la possibilité d'élargir l'accès à la documentation.

Mme Gueguen-Charron: Absolument. Je n'y vois aucun inconvénient.

M. Shymko: C'est tout ce que je voulais dire. C'est la fin de mes questions. Je vous remercie.

M. Pouliot: Monsieur le Ministre, d'abord permettez-moi—ce n'est pas ma question, mais vous allez être indulgent—de répondre à mon ami distingué.

M. Shymko: Distingué depuis quand?

M. Pouliot: Probablement que ça ne durera pas longtemps.

Chez nous, nous ne faisons aucune réserve pour que se divulguent les idées de conscience sociale lorsqu'il s'agit de services municipaux dans la province de l'Ontario. Mais si on commence à faire de la politcaillerie, puis on parle de l'injustice aux docteurs, l'injustice est alors d'amener cela sur le tapis parce que c'est hors de contexte. Mais la plus grande injustice est de ne pas donner au parti que l'on représente dans

ce colloque une conscience sociale. Nous n'avons jamais dit que nous étions la conscience sociale, mais on surveillait ceux qui en avaient moins ou ceux qui n'en avaient pas, parce qu'on connaissait quand même la définition.

Vous avez dit, Monsieur le Ministre, qu'il serait nuisible et peut-être injuste, après avoir couché les idées sur le papier, d'offrir des services à la francophonie sans avoir l'infrastructure nécessaire. Vous nous avez présenté ça comme un danger. Nous pourrions facilement vous répondre que ça nous a été présenté comme un prétexte, comme une excuse. C'est le Comte de Buffon, je crois, qui a dit—là je vous donne un peu raison—qu'il faut pouvoir reconnaître les services avant d'exercer un pouvoir sur eux.

Mais dans cela, parce que mon ami M. Allen a parlé de l'éventualité d'un bilinguisme officiel en Ontario, il a aussi montré que ce que vous avez en tête pour les services—et qu'on essaie de deviner car c'est loin d'être précis—est peut-être un processus d'évolution pour en arriver à une situation de facto; on aurait alors, d'un simple coup de baguette, le bilinguisme officiel.

Je n'ai pas besoin de vous rappeler votre responsabilité, votre mandat. C'est de donner à la population les outils dont elle a besoin pour se défendre et se mélanger—non pas s'assimiler—à la société. C'est aussi une définition de l'éducation populaire. Votre mandat est aussi d'anticiper et d'agir. J'ai plutôt senti que vous étiez poussé par la demande. Ce n'est pas ça qui est le mandat. C'est le monde à l'envers, c'est un peu la charrie avant les boeufs.

C'est à vous d'anticiper et d'agir. La théorie ou la philosophie que vous avez citée était qu'il serait nuisible et injuste d'offrir les services avant d'avoir l'infrastructure. Tout de même, vous pouvez faire mieux que cela. Ce n'est pas de l'hypocrisie, parce qu'on vous respecte, mais c'est tout de même un peu trop pieux; du déjà vu et du déjà entendu. Je vous encourage donc à faire un peu le contraire.

Je reviens sur vos prévisions budgétaires de la page 7: "Symposium for Francophone Women." Although I have long been an advocate of the absolute and total necessity to have symposia, one thing strikes me. I am certainly not sexist, but a symposium for francophone men would look an awful lot better in the budget, and I look forward to receiving an invitation some time.

I have one last word and it is in the form of a question—and time is becoming of the essence—regarding le processus consultatif. Mes chères dames, nous avons un processus législatif. Nous désirons embarquer, nous partons de l'opposition.

Il ne faut pas nous donner le résultat des courses qui ont eu lieu l'an dernier; il n'y a rien là, il n'y a pas d'argent là-dedans. Cela n'intéresse personne.

Ce qui intéresse tout le monde, par contre, c'est que si un parti est sincère, si les gens sont honnêtes—c'est peut-être trop demander de la politique—quand tout a été fait, si un parti veut contribuer, when all has been said and done, we would like—and we do not demand; we are not in a position to do so—we suggest strongly that a consultation process within the legislative framework be incorporated, be made possible before the fact.

We are not saying we should not be made aware of what took place yesterday; it will only help us in putting forth the proposals of today and tomorrow. However, we want to be part of it, not at the cabinet level; we are not there yet—maybe in the next accord. What we are saying is this: There is nothing wrong with consulting the members of the official opposition and members of the New Democratic Party, and you have failed to do so. In the formation of policies there is nothing wrong with it. You always have the right to reject it. However, it is good food for thought, it is good policy and it does represent a full constituency of the people of Ontario. It would be illogical to think otherwise, and we are asking that this normal process be implemented.

10:20 p.m.

L'hon. M. Grandmaitre: Tantôt, Monsieur Pouliot, j'ai tenté à cinq ou six reprises de vous consulter sur le processus de mon projet de loi, et ce soir, je pensais que vous auriez pu garder ça pour vous, car je croyais vous avoir consulté d'homme à homme sur un projet de loi que je tentais de présenter. Je me rends compte ce soir que c'est difficile de consulter d'homme à homme lorsqu'on est prêt à dévoiler tous les secrets—le terme "secrets" est peut-être mal choisi. Je vous ai fait confiance en vous disant que j'avais des difficultés et maintenant vous avez sauté à la spéculation.

Je veux donc simplement vous dire qu'il est extrêmement difficile de consulter l'opposition sur un projet de loi éventuel et de le lire le lendemain dans les journaux. C'est peut-être là le problème. Je ne vous montre pas du doigt directement, mais indirectement.

Je dois consulter mon caucus et le Cabinet. Dorénavant, lorsque j'aurai des discussions avec vous, j'espère que je ne les lirai pas dans les journaux le lendemain, car je fais confiance à mes deux critiques.

Mr. Guindon: On page 7 are explanations of increases, salaries, wages and benefits. The second paragraph says, "Another position has been added since the printing of estimates, making the total staff of office at the time of the estimates debate 20." Which position is this and who is this person?

Hon. Mr. Grandmaitre: The question was asked in the House; it is in the Orders and Notices. The honourable member will get a complete answer very shortly.

Mr. Guindon: Okay. I do not like that answer. Is it because you cannot answer now?

Hon. Mr. Grandmaitre: You asked the question.

Mr. Guindon: It is in the Orders and Notices, but it is still coming.

Hon. Mr. Grandmaitre: I know. We are still waiting for some questions we asked 12 years ago.

Mr. Shymko: In the fullness of time.

Hon. Mr. Grandmaitre: In the fullness of time you will get an answer, I assure you.

Mr. Guindon: Who is going to Paris, au sommet de la francophonie?

Hon. Mr. Grandmaitre: Do you want to come with me?

Mr. Guindon: Sure. Will you pay?

Hon. Mr. Grandmaitre: No, the federal government is paying. Guy Côté will join me in Paris. I do not know at what tier we will be sitting. The federal government is a little leery of having this province participate in such a summit for the reason that it is not bilingual. I can assure you the Prime Minister of this province was willing to pay the cost of the trip to Paris because we are very interested in knowing what other provinces and other countries are doing to satisfy the socioeconomic and political needs of the francophone countries not only in Canada but throughout this world.

Mr. Guindon: When you say "the Prime Minister," is it the Prime Minister of Canada who is paying for the trip or is it the Premier?

Hon. Mr. Grandmaitre: No, it is the Prime Minister of Canada.

Mr. Guindon: That is what I thought I heard.

Hon. Mr. Grandmaitre: What I did say was that we were willing to pay for it.

Mr. Shymko: Ask the minister whether he is travelling first class or economy.

Mr. Pouliot: If it is federal, it is first class.

Mr. Shymko: Federal is first class. We travel economy.

Mr. Guindon: On page 9, I find "Public relations including campaign to advertise French-language services; production and media purchase, miscellaneous ads." I believe that is Renseignements-Ontario. Who currently has the contract for that?

Hon. Mr. Grandmaitre: If I am not mistaken, there is no contract. For advertising?

Mr. Guindon: Yes.

Mme Beaugrand-Champagne: I call upon Mme Francine Robitaille, who is in charge of the communications program, to answer you.

Mr. Chairman: Would you sit at the table here so the microphone can pick you up?

Hon. Mr. Grandmaitre: Mr. Chairman, Mme Robitaille is manager of corporate programs and community liaison.

Mme Robitaille: Quant à l'agence publicitaire, il s'agit des Communicateurs Associés RLS Itée, avec qui nous avons un contrat, mais pas un contrat définitif établi avec un certain montant d'argent. C'est avec eux qu'on fait affaires. C'est l'agence que l'on utilise en ce moment-ci.

M. Guindon: Mais s'il n'y a pas de contrat—

Mme Robitaille: Il s'agit d'un achat régulier de services, mais il n'y a pas de contrat signé.

M. Guindon: Y a-t-il eu une amélioration?

Mme Robitaille: Il y a eu une amélioration parce qu'ils ont nommé quelqu'un à Toronto. C'est beaucoup plus facile pour nous de faire affaire avec eux à Toronto que de faire affaire avec une agence qui était autrefois à Ottawa. L'expérience avait été moins bonne au début.

M. Guindon: Au symposium pour les femmes francophones, le 25 octobre, vous avez eu une quarantaine de recommandations. Je voudrais vous demander, Monsieur le Ministre, ce que vous allez faire avec ces recommandations.

L'hon. M. Grandmaitre: Ce qu'on va faire? Mr. Chairman, the question is about 40 or so recommendations that I received. These recommendations will be studied not only by CAFO but also by the Office of Francophone Affairs.

Mme Gueguen-Charron: J'aimerais ajouter que depuis le symposium, il y a un comité ad hoc qui a été mis sur pied pour étudier les recommandations, et nous avons préparé un plan d'action. Certaines recommandations ont déjà été acheminées vers les ministres, en particulier M. Scott, où on demandait quelque chose d'immédiat. Il y a donc eu d'abord la formation du comité ad hoc

qui a préparé un plan d'action et qui a également eu l'initiative de la première rencontre des femmes en vue de la création de la coalition.

Je peux vous assurer que nous tenons compte des 40 recommandations et que vous entendrez parler de nous sous peu avec le suivi de ce qui s'est fait. Alors je vous réponds en grandes lignes, mais laissez-moi vous dire que ce n'est pas oublié. M. Grandmaitre a été le premier à recevoir les recommandations et c'est fort bien que le travail se poursuive.

M. Guindon: Quelqu'un a-t-il d'autres questions?

A la page—je n'ai pas de numéro, mais il s'agit de la distribution de fonds pour 1984-85—je vois que l'Est de l'Ontario a eu \$192,825.64. On est précis. Quelle part de cette somme a été attribuée à la ville de Vanier?

Mme Robitaille: Selon ce que j'ai ici, la réponse à votre question serait \$700 à la Maison Fraternité pour l'achat d'équipement.

M. Guindon: En terminant, je voudrais vous remercier et j'aimerais dire au ministre qu'il n'y a rien de personnel dans les remarques que l'on peut faire. Je voudrais seulement lui dire que n'importe qui voudrait faire passer une loi pour que l'Ontario devienne officiellement bilingue, il n'a pas besoin des conservateurs pour cela, parce qu'ils passent déjà les lois qu'ils veulent avec 73 députés.

La dernière question: vous entendez-vous encore avec la province du Québec pour faire un échange d'étudiants, soit des docteurs ou des pharmaciens? Si le Québec a besoin de pharmaciens anglophones, seriez-vous prêt à échanger?

L'hon. M. Grandmaitre: Cet échange existe depuis plusieurs années.

M. Guindon: Mais vous, depuis sept mois, avez-vous eu la possibilité d'être en contact?

L'hon. M. Grandmaitre: J'ai rencontré les personnes du Québec à deux reprises, notamment M. Jean Méloche.

M. Guindon: Merci.

L'hon. M. Grandmaitre: Monsieur le Président, j'aimerais terminer en remerciant mes deux critiques. MM. Pouliot et Guindon ont été précis et je tiens à les remercier particulièrement. Je suis maintenant rassuré quant à leur appui futur en ce qui concerne mon projet de loi. Je les remercie encore une fois d'être patients.

Mr. Chairman, you have conducted this committee with great charm. I want to thank you, and also Mr. McGuigan. It must have been a difficult period for you to listen in, but I know

you support me; this is the great feeling I have. I want to thank the committee.

Mr. Chairman: Thank you. I am sure I speak for the committee in thanking you and your staff for being here to assist the committee.

Vote 302 agreed to.

Mr. Chairman: This completes consideration of the estimates of the francophone affairs program. They will be reported to the House tomorrow, I assume.

Are there any other matters before we adjourn?

Mr. Shymko: You recall that we spoke about a motion. I would like to read it.

Mr. Chairman: Mr. Shymko moves that the chairman of the standing committee on resources development submit to the Board of Internal Economy the expressed concerns of this committee regarding the lack of simultaneous translation services during the deliberations on the estimates of the minister responsible for francophone affairs; and that the chairman therefore request that necessary funds be allocated for the provision of simultaneous translation in both official languages to this or any other standing committee that may deal with the above estimates or other matters officially pertaining to francophone affairs in the immediate future, notwithstanding the timetable for the complete installation of such services in the House.

I think that rather wordy resolution captures the intent of what the committee wanted. Perhaps

when we adjourn you can take the resolution to the clerk.

Motion agreed to.

Mr. Chairman: It shall be done as is requested by the committee—with enthusiasm, I might add.

The committee adjourned at 10:33 p.m.

[Later; Tuesday, February 11]

Mr. Chairman: You will recall that last week when the estimates of francophone affairs were before the committee, Mr. Shymko moved a motion dealing with estimates by this committee in the future. He said he would agree to a tidying-up of the wording because it was long and somewhat cluttered. This is the motion as it now stands. It does not alter the intent of the motion at all. It states the following:

“Mr. Shymko moved that the chairman submit to the Board of Internal Economy the concern of the committee at the lack of simultaneous translation services during consideration of the estimates for francophone affairs and that the Board of Internal Economy allocate the funds necessary for the provision of simultaneous translation services in both official languages to standing and select committees when considering matters officially pertaining to francophone affairs.”

That is tidied up. Are there any problems? Okay, we will proceed with that. We will send a copy of this to Mr. Shymko so he is aware of it. It is his motion and I hope he recognizes it.

CONTENTS**Thursday, February 6, 1986**

Francophone affairs program	R-955
Adjournment	R-977

SPEAKERS IN THIS ISSUE

Allen, R. (Hamilton West NDP)
Bossy, M. L. (Chatham-Kent L.)
Grandmaître, Hon. B. C., Minister of Municipal Affairs (Ottawa East L.)
Guindon, L. B. (Cornwall PC)
Laughren, F., Chairman (Nickel Belt NDP)
Mancini, R. (Essex South L.)
McGuigan, J. F. (Kent-Elgin L.)
Pierce, F. J. (Rainy River PC)
Pouliot, G. (Lake Nipigon NDP)
Shymko, Y. R. (High Park-Swansea PC)
South, L. (Frontenac-Addington L.)

From the Office of Francophone Affairs:

Beaugrand-Champagne, L., Director
Robitaille, F., Manager, Corporate Programs and Community Liaison

From the Council for Franco-Ontarian Affairs:

Gueguen-Charron, L., President



Hansard

Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Resources Development

Estimates, Ministry of Industry, Trade and Technology

First Session, 33rd Parliament

Tuesday, February 11, 1986

Speaker: Honourable H. A. Edighoffer

Clerk of the House: R. G. Lewis, QC

CONTENTS

Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

Reference to a cumulative index of previous issues can be obtained by calling the Hansard Reporting Service indexing staff at (416) 965-2159.

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Vice-Chairman: Ramsay, D. (Timiskaming NDP)
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, February 11, 1986

The committee met at 8:05 p.m. in room 228.

After other business:

8:20 p.m.

ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

Mr. Chairman: We will proceed with the estimates of the Ministry of Industry, Trade and Technology. My suggestion to the committee is that we deal with the first general vote tonight and not worry about the specific votes contained in the estimates until tomorrow. It is also agreed that we will complete the estimates tomorrow at 12:30 p.m. or so. I will ask the minister to proceed with his opening statement.

Hon. Mr. O'Neil: It is a pleasure for me to present the 1985-86 estimates of the Ministry of Industry, Trade and Technology. At this point, it is traditional to talk about the role of this ministry. However, I am not going to do that because after six months in office, I want to outline the new directions we are taking.

As I see it, my job as minister is to ensure that my ministry and its programs aggressively support Ontario business and industry and establish an environment in which Ontario business and industry continue to flourish in an increasingly competitive world. We support job creation and act as a catalyst to fuel the fires of accelerated economic growth. We also have a role in providing a forum for the private sector in its dealings with the public sector. This is no small task, particularly when the eyes of the country, and indeed of the world, are upon us.

In previous years, it has been easier for Ontario to achieve these targets. Now and in the future, however, the task will be more difficult because the competitive environment has been altered drastically. Today, the realities of international competition dictate that we adjust more quickly, be more productive and efficient and demand more for less.

Before we stride into the future, let us examine where we are now economically. Since 1983, the average annual rate of economic growth in Ontario has been approximately five per cent, one full percentage point more than the national rate. Our record on job creation has also been better than the national performance. Between

December 1984 and December 1985, the provincial economy created approximately 153,000 jobs. During the months of November and December of 1985 alone, 12,000 new jobs were created in sectors other than manufacturing.

Ontario's unemployment rate of 7.4 per cent in December 1985 was lower by more than a full percentage point from the previous year. I have every confidence that the unemployment rate will continue to decline. In 1985, the unemployment rate in Ontario was 8.1 per cent, significantly lower than the national monthly average of 10.6 per cent.

Our exports are doing well. Ontario's exports to all parts of the world totalled \$54.7 billion in the past 11 months. Ontario's exports to the United States equalled \$49.1 billion in the same period. Approximately 90 per cent of Ontario's exports went to the US. Ontario is Canada's number one exporter. In the past 11 months, Ontario accounted for nearly 60 per cent of Canada's exports to the US and more than 50 per cent of Canada's sales to the world.

Our performance has significantly improved in the latter half of 1985, and I think we can attribute a great deal of this success to the confidence that is once again emerging in our business community in this new government.

We are not content with simply resting on Ontario's past economic performance. Those were the days when federal development policies weighed heavily in our favour and created an enormous industrial heartland to supply the rest of the country with the overwhelming majority of manufactured goods. Those policies worked well in a post-war economy, and they created a great deal of wealth for this province.

We are living in a very different world, one that demands efficiency, creativity and determination. Therefore, this new government is moving in new directions. We are examining each and every program, not only in my ministry but also in every other ministry. We are dissecting and modifying the programs and services the government is offering. That review will bring government, labour and management together to work as a team. It will embrace the technologies and processes that will ensure our competitiveness, both domestically and in world

markets. We will make the adjustments that have to be made in those programs.

This government's policy on new directions and strategies for Ontario industry is an economic reality. As the manufacturing economy matures, government involvement increases not only here but also throughout the world. That puts us in a delicate position, because we have to increase government's investment and export incentives to match those available to our international competitors.

Canada's and Ontario's comparative advantage in resources is obvious. We created our manufacturing base primarily through the use of the tariff. Now we must adapt to an advanced industrial economy in the context of more open trade under the General Agreement on Tariffs and Trade and the impact of highly competitive nations which use both low-cost labour and regulation to protect their domestic markets and to subsidize their exports.

With the transition from resources to manufacturing, environmental concerns grow. However, with an advanced industrial economy, issues of environment and health take on greater significance. Our public sector is designed to regulate and provide services to a resource and manufacturing economy. The push for more emphasis on services can create the superficial impression that a larger public sector is needed to provide them. We are not in favour of adding any additional regulatory burdens on the private sector. No matter how you look at it, we are all in this together: business and industry, labour and government.

The first step we have to take is to define and set common goals. I have stated that one of the jobs of this ministry is to support a strong, healthy and growing economy. One of the ways we will do that is through the complete review of the government programs now in place. That review will have a goal of its own: to streamline and tailor the programs and services this government offers to fit the future needs of industry. That means that with a common goal of increased efficiency and competitiveness in the world market, the programs and policies this government supports will promote new technologies, modernization of Ontario industry and training for our provincial work force.

We will work closely with industry associations to make them and us aware of the new developments in their fields and to hear their concerns. It does not make a lot of sense to impose a policy without the legitimate and professional input of those who actually work in

industry. In recognizing our role with labour, we will develop closer ties to focus more directly on the kinds of training and adjustment our workers need to provide the technological expertise and services that industries will require.

I, for one, believe we can attract more business investment. To accomplish that, we have to convince both foreign and domestic investors that this is a competitive investment location. The world is simply too competitive to allow ourselves ever to be complacent.

The new Ontario government is committed to regional economic development. We want to make certain that every area of this province receives a commitment to build and promote investment based on regional strengths, with all the benefits it brings in jobs and infrastructure. As a member of the Legislature from eastern Ontario, I know well the reality and need for these policies.

One of the best ways we can accomplish that is through the Ontario Development Corp. When I was Industry and Trade critic, I often pointed out that most of the financial assistance supplied by ODC went to central Ontario. The response was that there was no demand for it in other regions. I do not believe this is an adequate answer, and I have asked my officials to conduct a thorough review with the objective of creating new policies on increasing investment in eastern Ontario.

One of the first things the Premier (Mr. Peterson) did after being sworn in was to announce that there would be a greater focus on northern and eastern Ontario. Changes announced in the last budget allocated more funds to northern Ontario development. There were also changes in the small business development corporation rules affecting eastern Ontario.

I am not content that we should stop there. There are people in the various regions of Ontario with ideas, energy and talent—people who can turn those ideas into realities. They often need a little support. I am determined to do all I can to encourage businesses to approach the ODC offices in their area if they have a viable, detailed plan for growth and expansion. Put simply, we believe there must be accelerated industrial development throughout Ontario.

I have mentioned the need for Ontario to attract foreign investment. One effective way to do this is through the network of the 12 international trade and investment offices my ministry has established around the world. We have six in the United States, three in Asia and three in Europe. These offices do excellent work

in promoting Ontario exports and investment in Ontario. I intend to see that they take an even more energetic approach in the future. We are going to improve the thrust and direction of the foreign offices towards joint ventures and technological transfers.

We are especially intent on improving our trade development and investment arrangements with the Pacific Rim. As well, I want to see a closer connection between the efforts of the foreign offices and the industry division's efforts in locating firms in Ontario.

The best example we have of the kind of investment we intend to pursue is the recent announcement by Toyota Motor Corp. that it will spend \$400 million over the next four years to build 1.6-litre, Corolla-type cars in Cambridge. No industry is more important to the economic prosperity of this province than the automotive and auto parts manufacturing industry. This investment provides opportunities not only for the immediate industry but also for the infrastructure of the whole province. It sends a message to other potential investors around the world.

This government is committed to a policy of encouraging foreign companies that sell in Canada, to produce here and hire Canadians. We will continue to pursue this kind of investment with vigour and determination.

We will also attract domestic investment that creates skilled job opportunities for our labour force—skilled job opportunities that match the emerging high-technology, high-productivity needs of the future.

8:30 p.m.

Ontario's position on free trade is a cautious one. We have always stressed the need for hard facts and the answers to the gnawing questions surrounding the issue before we commit ourselves.

Ontario has every reason to be cautious when one considers the degree to which we are so heavily dependent upon the US market. In all, three quarters of all Canadian manufactured exports to the US are from Ontario, and half of Canada's total US exports, including resource exports, originate here. Last year, Ontario sold approximately 90 per cent of its exports to the US. That was approximately \$15 billion out of a total of \$55.2 billion. The increase in our exports from 1983 to 1984 to the US alone was greater than our exports to all other countries combined.

Ontario has the most to gain or lose in any free trade agreement. Therefore, it is contingent on this government to take a responsible and sober approach to the issue in all its dealings. In

Ontario, 42 per cent of all manufacturing companies are US-owned. We do not know whether those industries would continue to expand and invest or whether they would merely become distribution warehouses, should free trade be adopted.

I was astonished by comments that Canada should take a "leap of faith" into a free trade agreement. I share the Premier's concern at the remarks of my federal colleague Mr. Kelleher in London a few weeks ago. Consider that more than one million Ontarians are employed in export-related jobs—almost one quarter of our total work force and half of all Ontarians employed in manufacturing industries. This government is not about to blithely take a "leap of faith" into a situation that could potentially have devastating effects, not only on our economy but on the livelihood of our citizens as well.

Ontario is well aware of the fact that a vital reason for free trade negotiations has been the threat of increasing US protectionism. This province has had to deal with protectionist lobbies in the past against our steel and cement industries. We have been very instrumental in assisting these industries in the US. A free trade agreement with the US is not a panacea to American protectionism. Protectionism is no reason to take a "leap of faith." It is naïve to believe that this country can ever stop all protectionist actions.

There are many avenues we can and should pursue before plunging head first into free trade. The Premier's recent trip to Washington is one good example of how this government intends to change that protectionist mood. Lobbying, education and advocacy are some of the tools we will use to present Ontario's position to the Americans.

Americans simply do not understand how important we are to their export market. Many do not realize that Ontario is the single biggest market for US export goods or that on a per capita basis, we buy 31 times more from Americans than from Japan and 13 times more than from Germany. They do not realize that exports to Ontario are growing at double the pace of exports to any other foreign market or that almost two million Americans are employed in industries that export to Canada.

These are the messages we have to get across to the Americans.

Ontario's position does not exclude the possibility of expanding trade by removing barriers that restrict trade between countries. The recent interim report by the select committee on

economic affairs, chaired by my colleague David Cooke, suggests there are merits in trade agreements that are as broadly based as possible.

Studies initiated by my ministry indicate that a number of Ontario industries currently face severe competitive pressures. In his address to the Canadian Club and the Empire Club, the Premier quoted one economic impact study that indicated a comprehensive free trade pact with Washington would pose serious threats to sectors that provide 270,000 jobs in Ontario. That is 30 per cent of the manufacturing jobs in this province.

Canada's and Ontario's international competitiveness is a crucial issue. We must ensure that our exporters are as well equipped as possible to benefit from the advantages that additional market access can provide. We believe this country should develop an industrial policy that will enhance our capacity to produce superior products and services—from resource products to high technology—competitive not only with the US but with the rest of the world as well. We have to increase our emphasis on skills upgrading, technology acquisition and diffusion, a stronger Canadian market and infrastructure and industry adjustment.

As a result of my ministry's analysis of Ontario's current trade situation, we have selected 22 priority world markets. Number one, obviously, is the United States. It is the easiest country for Ontario firms to sell to. We have a common language, and the Americans present us with a lucrative, profitable market that is just too good to ignore. In our efforts to diversify, we must also focus on countries in the Pacific Rim, the Middle East, western Europe and Latin America.

We see potential for growth in all these areas, although some will receive greater emphasis than others. The Pacific Rim, as I have already mentioned, is a major target. For many years, we have had offices in Hong Kong and Tokyo, and just recently, we opened one in Singapore. We expect to open the science and technology centre in Nanjing in the People's Republic of China next fall. Therefore, while we will actively and urgently explore all avenues towards strengthening our trade relationship with the US, we will not overlook our continuing need to increase and secure access to other priority markets.

We still want to see federal and provincial impact studies that will tell us the positive and negative impacts of free trade. The sooner we have an understanding of what the costs and benefits will be, the sooner we will know what

kinds of tradeoffs we can make. We believe the auto pact should not be included in negotiations. The whole area of agriculture is also sensitive and needs to be excluded from any agreement. Ontario's greatest insistence, however, is on the need to assess free trade on a more sophisticated, realistic level. We also have to look at other options open to us.

As initial discussions with the US get under way and while fundamental questions are being probed, the Premier has raised a number of concerns.

1. Ontario believes a number of areas must be excluded from formal Canada-US discussions. These are proposals that could restrict our political or cultural autonomy, our social programs or our ability to narrow regional disparities. Research and development programs and agriculture should also be exempted.

2. Canada must maintain its commitment to the General Agreement on Tariffs and Trade as the prime vehicle for reducing trade barriers. The importance of increased trade with other countries, such as those of the Pacific Rim and the European Community, must not be neglected.

3. Any Canadian proposal must provide for sufficient time to permit industrial sectors to adjust to the major gap in Canada-US industrial capacity.

4. Interprovincial trade barriers must be reduced prior to any fundamental change in our trade relationship with the US. We must give enhanced east-west trade an opportunity to take hold first.

5. We must couple any trade change with a new national commitment to increased competitiveness to enhance our ability to compete in world markets.

6. The federal government must identify job displacement impacts.

7. All provinces must be consulted at every stage of Canada-US discussions. In addition, all Canadians must be provided with the facts, analyses and opportunities to form and express a knowledgeable viewpoint. The concerns of small business will be taken into account in our approach to any negotiations with the federal government regarding free trade.

Ontario is not alone in its position. Now that other provinces are beginning to face the reality of the negotiations, more are sharing some of the concerns that we have had from the beginning and most are following our lead.

My ministry is actively involved in encouraging our industries to expand their export opportunities not only to the US but to the rest of the

world as well. The programs we will offer will be reviewed to include all industry—small, medium-sized and large companies.

One does not have to be a big corporation to export. Many small firms have captured special niches of foreign markets and are doing quite well. On the whole, it tends to be the smaller firms that can benefit most from the kind of assistance we offer in this area.

We have recently completed an extensive review of the operations of the Ontario International Corp., and we have re-established its aims and objectives. I am pleased as well that my former deputy minister, George MacDonell, has agreed to assume the presidency of this agency.

My ministry also offers many other services, ranging from export counselling to supporting Ontario firms participating in international trade missions and fairs, export financing through the export success fund and the Ontario Development Corp., our sponsorship of the incoming buyers program and market intelligence gathered through our international offices.

In addition to the work we do directly with exporters, we keep a close tab on developments in the world economy that affect our access to foreign markets. It is our job not only to monitor those events but also to lobby the federal government and foreign governments for changes to any obstructive barriers to trade. With a federal-provincial joint approach agreed upon earlier this year, called the national export strategy, we will see these lobbying and marketing efforts a little more closely defined and co-ordinated by governments at both levels.

In Ontario, we also want to expand our export of services, especially in education, engineering and consulting.

Small business is a topic I like to address because I am a big believer in small business—in the entrepreneurial spirit of the individual—and because it shows me our citizens have confidence in the future of Ontario. That tells me this government must be on the right track by creating the kind of economic climate that encourages Ontarians to invest in the future of this province.

8:40 a.m.

Encouraging individuals to start their own businesses and to expand their markets and providing them with up-to-date information and support—these are the kinds of programs my ministry and this government intend to pursue vigorously.

A key element in our economic strategy is small business development. I have always believed the health of Ontario business and

industry is crucial to every person in the province. This new Ontario government is more committed than ever to assisting small business. We know the success of small business will help all Ontarians.

Small business is big business in terms of the number of people it employs. Let me share a few Ontario small business facts and figures with the committee.

Small business by itself represents 97 per cent of all business in Ontario and 48 per cent of total private sector employment in terms of job creation. Between 1974 and 1982, 62 per cent of net new jobs in the province and 90 per cent of all new job opportunities during the past five years in Canada have resulted from small business. According to the Canadian Federation of Independent Business, small business created 250,000 jobs in Canada in the first six months alone of 1985. These are impressive statistics. They certainly provide more than adequate justification for my ministry's attention to this important sector.

One might think government has nothing to offer small businesses, but that is not true. The risk involved in starting a new business is assumed by the individual. However, once he or she has made that decision and accepted that responsibility, that individual can come to us through any of our 18 domestic offices and receive useful backup support and information.

I have cited several statistics about the importance of the small enterprise sector. What I did not mention was the unfortunate fact that all too often these new businesses do not survive past the first three to five years. This statistic is common to all North American small business. There has been more than enough study and research on this subject to explain why. In a nutshell, they fail because their owners did not plan well in any one aspect of business: financial planning, marketing, location analysis, staffing or a host of other ingredients crucial to any business.

The most important role the small business staff in my ministry fulfils is that of information broker. Perhaps that sounds basic, but lack of information is often responsible for business failure. My job, like that of my ministry, is to stop business failure before it occurs. By giving information about how to plan and how to deal with the many problems entrepreneurs face, we can help people avert problems and establish their businesses on a firm foundation.

Appropriately enough, the services offered by the small business branch are listed as advice,

counsel and advocacy. These services often take the form of seminars offered by staff consultants in communities throughout the province. Our programs for small firms include help in financial planning, management methods, marketing research and development and technological innovation. Our business development branch even offers advice on how to sell to government. In the advocacy section of our small business office, staff monitors developments in the economy that affect small business and then acts as advocates to different levels of government, speaking for the needs of small business.

I often hear from business people that there are too many regulations and too much government involvement. Even where these people agreed there was a need for some regulation, it seemed needlessly complicated. We are not satisfied with a situation that makes being successful in business even more difficult than it is. We decided to do something about it.

We are overcoming this problem, in part, with the creation of the committee of parliamentary assistants on small business under the chairmanship of my parliamentary assistant, Rick Ferraro. It consists of representatives from ministries directly involved with helping or regulating small businesses. The intent of the committee is to take a lot of the bureaucracy out of the system.

The committee will be an active body to improve regulating matters, initiatives and conditions. It will lobby ministries, caucus and even the Premier to reform small business matters where necessary. I look forward to the good work this committee will accomplish in encouraging small business.

Ontario Development Corp. also encourages small business. It offers financial support in the form of term loans, loan guarantees, export support loans and assistance in attracting private sector lenders. ODC gets involved with companies that are planning product improvements, including high technology, plant and equipment expansions, export sales and tourist accommodation projects.

If businesses want to expand sales, we can help them do that too. We can help them get into foreign sales, usually by starting them off in nearby American states. Working with our offices in Boston, New York and Chicago, we take them to the closest American markets so they can see the opportunities for themselves. It is a low-cost way to show people that US markets are quite similar to ours and so much bigger. It is a real eye-opener for the participants.

After these first export sales are nailed down in the northeast, then we expand into the Sunbelt areas with help from offices in Atlanta and Dallas and from there to the west coast. Our commitment to small business is evident in the first Liberal budget in 43 years, which includes a number of concrete measures that are aimed directly at helping small business.

We have expanded the scope of the small business development corporation program to include companies engaged in computer software development. The \$30 million the Treasurer allocated to SBDC for cash grants and tax credits is expected to stimulate \$100 million in investment.

This is money well spent. An independent management consulting firm report has determined that the SBDC program has created 11,000 jobs at a lower cost than other government-initiated employment programs.

In order to address the current regional economic disparity that exists in northern and eastern Ontario, we have expanded the eligibility requirements in these areas to include companies that provide services to the mining and forest industries, such as transportation, contract drilling, machine and equipment rental and leasing, engineering and other scientific and technical services.

We have also reduced the minimum capital requirement for an SBDC tax credit in those areas from \$100,000 to \$50,000. It is our hope that these changes will stimulate investment and employment in these areas.

It is a budget that recognizes the needs of the small business community and provides the kinds of financial support that will give each entrepreneur the best chance to make a go of it.

We are actively involved in helping small business in a wide variety of areas. There are many ways in which we support the small business sector, but we intend to do more. By reviewing each of these programs closely we can better tailor them to meet the changing needs of small business. Small business has a healthy and exciting future in Ontario. It is a future we intend to continue to invest in.

Turning now to technology, it is time to do more than talk about the need to develop our technological manufacturing capacity in Ontario. It is time for action, time to ensure that Ontario firms get the specific tools they need to capitalize on the opportunities which technology and innovation can give them.

It is no secret that technological excellence is a prerequisite for international competitiveness. If

this province is going to continue to play a major role in the marketplace of the future, it must continue to introduce new products and new processes as fast, if not faster, than other countries. It is our job to provide the environment; it is the job of business and industry to embrace the new technology and to run with it.

We believe that Ontario's post-secondary institutions are an important resource in that regard, both in research and technical expertise, and we feel the time has come for industry to take advantage of it.

For some time now, there has been legitimate concern about the gap between industry and the post-secondary institutions of this province. Both have tremendous resources to offer, yet so far neither has derived the maximum benefit from the other.

To help industry embrace new technologies, my ministry has established innovation and technology centres. As with other programs, we are currently reviewing the effectiveness of the centres. However, I believe their general intent was and is correct.

In the field of pure research, development of new products and processes and product testing, we have the Ontario Research Foundation, a world-class research facility. My ministry provides an annual performance grant for ORF, which serves more than 2,000 industrial clients, half of them in small business.

I believe this government's support of the development and application of new technology is central to creating business growth and, ultimately, a vibrant economy for Ontario.

In order to attain great rewards, we as a province must develop an agenda for action; one which is truly responsive to the need for modernizing our existing industries and fostering the growth of technology-based sectors, sectors that will provide products and services for the markets of the future.

To be effective, this agenda for action must address issues through the development of broader policies that are part of a comprehensive strategy.

The recent debate over free trade with the United States underlines the importance of moving in this direction as quickly as possible. It also raises many questions that must be resolved before any commitment is made.

8:50 p.m.

In addition to the broader issues of free trade's impact on employment and its effects on industry, we should be asking what impact it will have on the development of strategically impor-

tant technological sectors essential to Ontario's future performance as a world trader.

For example, what impact will free trade have on the development of Ontario firms active in biotechnology, advanced materials, artificial intelligence, microelectronics and so on? Will these sectors have an opportunity to grow and generate new products? Will the impact be positive or will it be negative?

I believe we will not know the answer to these questions until we thoroughly examine both the short-term and long-term consequences of free trade.

My ministry is now in the process of examining key sectors and technologies for opportunities to improve productivity and competitiveness. For example, we have completed an analysis of the forest industry and we are currently looking at the plastics and the packaging industries.

We are also looking at the market needs of industry in Ontario, paying particular attention to the use of advanced materials in their products and processes.

These government activities will assist in the modernization process, but we cannot ignore the development of new technology-based sectors, sectors such as the software industry. Software, for example, represents an important opportunity for Ontario. We have, we feel, completed a thorough analysis of the industry and now understand how we can work effectively with the software firms to enhance their capabilities.

We commissioned an overview study; we consulted through a survey and a conference; we had follow-up meetings with individuals and we have developed some consensus on the needs of the industry.

Ontario currently has some 1,200 software companies. Canadian revenues for the industry are now approximately \$970 million but will reach about \$3 billion by 1989. World market opportunities are even greater.

What we as a government must do is put into place the tools and environment that will ensure that the industry reaches its full potential. We are developing an agenda for action. This might include providing direct marketing and export assistance, financial assistance, business development programs and assistance for existing or new agencies to apply the technology.

We are in a new competitive environment, one which will demand action and co-operation. Consultation will be an important part of this process, but consultation without follow-up is meaningless.

Part of that consultative process is to ensure that what we have in place is effective. In part, that is what our current review of the Innovation Development for Employment Advancement Corp. is all about. We want it to serve you and those involved in Ontario's technological development in a way that is both effective and productive.

When the review is finally complete, the focus will be on who can best provide pre-venture capital to those who have projects that cannot be financed by banking and other institutions. There is a role for the government in this vital area, but the IDEA Corp. got off on the wrong foot and needed to be changed.

My ministry has placed a great deal of emphasis on developing Ontario's export capabilities. Our recent agreement with China for a joint science and technology centre in Jiangsu province represents a very deliberate attempt to foster a viable trading relationship with one of the world's largest markets.

Through the transfer of technology and co-operative exchange, we hope to establish an ongoing relationship that will benefit both economies and enhance our trading relationship.

In conclusion, no government can choose winners or losers. That is best left to the marketplace. We do not intend to interfere, but we are not about to abandon the sectors that have fuelled the prosperity of this province. We are going to aggressively promote Ontario products for export and promote Ontario as a strategic location for manufacturing investment. At the same time, we will aid the cause of adjustment for industry and workers in this province.

Since my appointment, I have taken that message to Japan, South Korea and California. On these trips I have spent many days visiting business people, trade organizations and foreign government officials. I told them about our low-cost and plentiful energy; I told them about our equitable corporate tax system, about our highly skilled work force, about our modern research and development facilities.

I have only been minister for a short time but very early on it was clear to me that the challenges facing Ontario are significant. As the saying goes, we must not look at a situation as a problem but rather as an opportunity. It is clear that my ministry must play a key role in the opportunities ahead of us. The need to become competitive is urgent and vital. What I want to do as minister is try to prepare us for the opportunities that are inevitable in the economy, opportunities before us right now.

Mr. Chairman: We should now proceed with the responses from the critics. First is Mr. Barlow from the riding of Cambridge. I am not sure whether Mr. Barlow drives a Toyota or not. Perhaps.

Mr. Barlow: Not yet. The first one has not yet come off the line.

Mr. Chairman: Perhaps you would reveal that to us—

Mr. Barlow: When the first one comes off the line, I am sure all ministers will be driving Toyota limos.

First, I thank the minister for that interesting statement or overview of the ministry. I agree with most of the areas that he suggests, except at the bottom of page 2 where he attributes the upswing in the economy in the last half of 1985 to the—

Mr. Chairman: There is a problem with the sound system. Can you move over here? Go ahead.

Interjection: It sounds like you have your head in a barrel.

Mr. Chairman: Get out of the barrel and move over to this one.

Mr. Barlow: Am I coming through now?

I will inform the chairman and committee members that I am speaking today on behalf of my colleague who is the Progressive Conservative critic for the Ministry of Industry, Trade and Technology. Mr. Bennett sincerely regrets that he is unable to be here today or tomorrow. However, he would like to be able to drop in, if he is able to do so.

There are many issues involving this ministry that are the cause of great concern among the Progressive Conservative Party members. Although I have several questions that I will pose to the minister a little later on, I will raise a few points right now.

The issue of trade is a matter of interest to all of us. Not only is the issue of free trade with the United States being currently discussed but also the issue of increased or improved interprovincial trade or east-west trade—as you have referred to it—is also being frequently raised.

Speaking specifically, the minister has been questioned in the House as to the rights of Ontario construction workers in both our neighbouring provinces of Manitoba and Quebec. That happened again today. The minister has frequently cited his wish for improved relations. It is my sincere hope that he has some positive news to give to us on these specific situations when we discuss this a little later on.

I also wish to know generally what actions the minister has taken to enhance Ontario's interprovincial trade. I also wish to obtain a clearer sense of the direction the trade talks with the US are taking. With regard to the province, I am curious as to the direction the province is taking and from whom that direction is being given.

I make specific reference of the appointment of Robert Latimer as the special adviser on free trade. I make the point that when the Premier has publicly stated that this appointment shows, "that Ontario is serious about its opposition to an immediate move to freer trade," it raises serious doubts about the open-minded approach to the issue. It also raises the question of to whom Mr. Latimer reports. It is logical to assume that he reports to the Minister of Industry, Trade and Technology but that is not certain from the curious circumstances of this situation.

I will also ask the minister about any studies that have been commissioned by the government to explore both participation and nonparticipation in freer trade with the US, and the minister's opinion of the study results. I will request details as to the meetings that have occurred, the participants of these meetings and what recommendation the minister has made to the Premier as a result of such meetings.

I wish to know whether the minister has had any confirmation that his expectation to be "in daily or even hourly contact with what is going on in the negotiation room" will be met. Has Simon Reisman agreed to full access for the province to the negotiating team and/or the private sector data compiled by the trade committee? What has the minister done himself, or through the Premier, to develop the role of the province in the trade talks?

9 p.m.

I also wish to question the minister on his actions to protect the province from rising US protectionist sentiments. I make specific reference to two questions on the Orders and Notices, which I hope the minister will answer today. Has the minister any information, studies or background on Canada's soft wood lumber exports to the U.S. with regard to potential job loss in Ontario's forestry and paper industries?

In the same vein, can the minister provide an explanation as to why Ontario computer servicemen, as well as servicemen in other industries, have been denied entry into the U.S. to service computers built in Canada and sold to U.S. customers? I also ask how the minister thinks Ontario computers can be sold to U.S. customers if the necessary computer service cannot be

provided? I wish to know if any action has been taken by this government to rectify this situation. Surely the minister is aware of the crucial link between exports and our province's economy and employment rate. I ask that he take swift and decisive action to ensure the safety and livelihood of these individuals and industries which require guaranteed access to the U.S.

While we are discussing exports, I feel we must discuss the closing of the Philadelphia trade office. The minister suggested the ongoing success of trade offices but purposely overlooked the Philadelphia office. I must say this was an extremely curious decision to close an office which cost Ontario taxpayers only C\$220,000 to maintain in a state which generated C\$1.4 billion of export trade to Ontario in 1984. I am interested in learning the minister's views behind this decision, as I have already mentioned, especially when Ontario's trade and investment interests are vital to our economic health.

I am also concerned about the Brussels and San Francisco trade offices. I had a discussion last week with the economic development officer of the city of Cambridge and he raised this very point with me and said that the closing of the San Francisco trade office in particular was a real shock to him. I would like to know if there are any further plans to close this trade office. If so, I ask that the minister elaborate on these plans.

I am also concerned about the possible damage to goodwill such decisions may cause. I have a copy of a letter to the Premier from Joseph A. Petrarca, House of Representatives member for Pennsylvania, in which he expresses his confusion and dismay that a project begun so successfully, which has resulted in a change in the state's legislation from "Buy American" to "Buy North American" and which had gained privileged status for Ontario and Canada, should be cancelled. I share these sentiments and therefore am most eager to discuss this subject at greater length later on.

Also I am eagerly looking forward to learning of any developments in the promise to look into establishing trade offices in the Pacific Rim. We are likely to hear more about this. There is no question there is a wealth of resources ready to be tapped by the province. Under effective management, we hope it will be.

The Progressive Conservatives are happy that the excellent project initiated by former Minister of Industry and Trade, the member for Muskoka (Mr. F. S. Miller) was completed by the Premier. That project was the twinning of Ontario with Jiangsu province, an excellent first step, albeit an

easy one. I sincerely hope the government will follow the previous government's example and fully utilize all potential trade partners.

I am sure the minister is more than aware of the record U.S. trade deficit, the falling Canadian dollar and rising interest rates. I am curious as to the minister's expectations about the effects these factors will have on provincial industry and manufacturing growth.

While we are on this topic, it would seem timely to ask the minister what provisions he has made to protect the Ontario auto industry, both auto and auto parts manufacturers, as well as a host of spinoff jobs. I will ask for details on that later.

If I may digress briefly, I would like to express my personal thanks and gratitude to the minister and the ministry personnel for their part in the decision of Toyota Motor Corp. to locate its assembly and metal stamping plant at Cambridge. I know you made mention of it, Minister, and I wish to thank and congratulate you publicly for that move.

It has been a shot in the arm to a community that has a high unemployment rate and it is going to be beneficial in the future not only to Cambridge but also to the surrounding area. Beginning with the construction jobs, it is going to be an ongoing and real benefit to the community.

I would like also to recognize at this time that our previous Premier, Frank Miller, when he was Minister of Industry and Trade, did much to promote Ontario as the best place for Toyota to locate its Canadian plant. In fact, he paid several visits to the city of Toyota in Japan during his reign as Minister of Industry and Trade, encouraging Toyota to come to Ontario.

Getting back to this government's performance, however, one laurel is certainly not enough to form a wreath. I am interested in specific numbers of manufacturers you were able to entice to the province and the resultant creation of employment. I will ask for these specific numbers as we go on.

As I am sure the minister realizes, it is absolutely essential that industry be provided with strong leadership during these economically trying times. In view of this point, I draw attention to the difficulties currently experienced by those in the wine industry.

Although not directly under this ministry's supervision, the Minister of Industry, Trade and Technology has a responsibility to protect and enhance the interests of those in the wine industry. I would like to know what representa-

tion the minister has made to his colleague the Minister of Consumer and Commercial Relations (Mr. Kwinter) on behalf of the Ontario wine industry. I ask the minister to report on that representation after this statement.

As always, the eastern and northern areas of the province are of great interest with regard to development and employment. The Progressive Conservative Party has grave concern about the government's proposed sale of the Urban Transportation Development Corp.

We are all aware that total employment with the corporation stands at approximately 2,000, with 1,600 of these jobs in this province. It is estimated that, directly and indirectly, the corporation provides employment for 6,800 people in the province and there is no question its \$20-million annual payroll is an important factor in the eastern region's economy.

I echo the request made by our leader, Larry Grossman, that any proposed agreement to sell UTDC come before the public accounts committee. I understand you may have received bids from two Quebec firms, Bombardier and Lavalin Inc. In the interests of the affected workers, the taxpayers of Ontario and the northern and eastern economies that stand to be negatively influenced by the sale of the company, the Progressive Conservative Party urges that the government allow the committee to consider any offer.

I ask the minister, before this committee, to give his promise that the Urban Transportation Development Corp. will not be sold without consideration by the standing committee on public accounts. Will he give us that commitment?

Hon. Mr. O'Neil: I cannot give you that commitment. UTDC does not come under my ministry. It is under the Ministry of Transportation and Communications, so it is not within the budget area. I have only to refer you to the comments of the Premier today and on other occasions, but it does not come under this ministry.

Mr. Barlow: I realize it does not fall under your ministry, but I think, as Minister of Industry, Trade and Technology, you have some input at the cabinet table.

Hon. Mr. O'Neil: I will certainly make my colleagues aware of your concerns in that area, but as I said, it does not come under my ministry.

Mr. G. I. Miller: Somebody said we were setting up too many.

Mr. Taylor: Too many what?

Mr. G. I. Miller: Committees, commissions, studies.

Mr. Taylor: Task forces.

Mr. G. I. Miller: Oh, task forces; that was it.

Mr. Barlow: Yes, another government task force; that might be helpful.

Mr. G. I. Miller: I just wanted to make that point.

9:10 p.m.

Mr. Barlow: If I can move on, the Progressive Conservative Party is not very happy with the general state of technology in the province.

Mr. Pierce: You caught the government sleeping.

Mr. Barlow: Yes, I must have. It appears that the only development to raise the profile of technology in our province is the addition of the word "technology" in the ministry's name. There is currently no assistant deputy minister of technology.

You spent a great deal of time on the technology portion of your address, so I want to point out to the committee that there is no assistant deputy minister in charge of technology nor has there been one for six months. I ask the minister if this is an indication of the level of commitment of this government to technology. There is no question that it is essential that the province be able to compete in the high-tech field in order to survive in the world market.

I will read one paragraph from your ministry's last annual report. Under the heading of "Use of New Technologies," page 13 states: "Our record here compares unfavourably with other western industrial nations. Not only is our own rate of innovation slow, we are also hesitant to implement innovations that have been developed in other countries. On average, it takes us about eight years to put new technology from abroad into operation here."

I find this of concern when we, as a province, must improve our industrial performance if we are to compete internationally. I believe we are all in agreement that this is the route to go and our best chance for economic improvement and survival.

The government, however, has been moving in another direction since its short term in office. I am thinking of your decision to close down the trade offices in important centres around the world. I am also referring to your government's decision no longer to support the Institute for Hydrogen and Electrochemical Systems after the Ontario taxpayers spent \$7.5 million to set up that institute.

It is distressing that this institute's demise is occurring at the same time as the governments of the United States and of Britain have announced that they are in a race to develop the world's first hydrogen-fuelled aircraft and that they are pouring more than \$500 million into those projects. I have the news article on that announcement here with me, if the minister would like to examine it. I will pass it on to him, if I can find it here.

The institute was established to ensure industrial readiness for this type of industry. Unfortunately, there seemed to be a mistaken impression within your government that the institute was doing research in response to the price of oil being high and that its research is no longer valid now that the price of oil is falling.

It is sad to see that your government is unable to see the importance of such valuable research and innovative technology, when other governments are recognizing it as the technology of the future, not only for transportation uses such as locomotives and aircraft but also for improving and modernizing existing industry and industrial processes.

The institute comes under the purview of the Minister of Energy (Mr. Kerrio), but because of its importance to industry and because it was very much involved in research designed to create new industry, I will ask the minister what his position was at the cabinet table when the decision was made not to support the institute.

I am also curious whether the minister understood the enormous potential there was to capture the substantial long-term industrial and environmental benefits which could have come to Ontario as a consequence of this investment. I wonder whether he supports the closing of the institute, even though the federal government is now examining hydrogen opportunities through a task force with the ultimate objective of deciding where, when and how to place research funds for hydrogen technologies.

Why should the people, and even the government of this province, have to buy high tech from another province or country when we have the capacity and the proven ability to produce and develop it right here? I want to ask the minister exactly what direction the technology division of his ministry is taking. What is planned for the next six months?

This leads me to another area of the ministry, the Ontario International Corp., headed by George MacDonell, former deputy minister of this ministry. I want to ask why Mr. MacDonell is reporting to the Premier and not to the minister.

What implications does this have for the role of the corporation in the ministry? What is the corporation currently doing?

I would also like the minister to explain why the sensitive position of deputy minister has been filled by Patrick Lavelle, who is, with all respect, a well-known lobbyist for the auto parts manufacturers and an ardent opponent of free trade. The free trade issue aside—

Mr. Ramsay: Hear, hear.

Mr. Barlow: I woke up the New Democratic Party anyway; I woke up the other socialist party.

It is difficult to believe that Mr. Lavelle's new position will modify his strong views on certain subjects that will require an unbiased, pragmatic ministry approach. Although we all acknowledge Mr. Lavelle's experience and capabilities, it is an unusual appointment.

At this time, I would like to turn the focus of this statement to the small business section of the industry division. I am pleased to see that the minister spent so much time in discussing small business for, as you know, I am the PC party critic for that area and I naturally have more than a passing interest in the small business sector in Ontario.

The impressive statistics of the small business community stand to assure us all of the important role it plays in our economy. You related those statistics on page 26 of your statement and I am not going to go into them right now. I know the minister is very familiar with these statistics, but I wanted to reiterate them for the record, which I did not do because I am already reporting them—

Mr. Taylor: Would you go over that again?

Mr. Barlow: I did not leave enough out of my prepared remarks. I did not want to repeat these—

Mr. Ramsay: Great stuff. I could have been watching Dallas tonight.

Mr. Barlow: As elected members we should recognize, praise, support and encourage those who take the courageous step to start their own business. I sincerely hope that the direction of the government of the day will always be one of encouragement and support, as opposed to the meddling and intervention that causes undue turmoil for small business.

Speaking of support and encouragement, I was most impressed with the program the manager of the small business advocacy section, Jeffrey Stutz, presented to a group of business people from the Kitchener-Waterloo area who were here back in December. I sat in on part of that meeting, and I really appreciated his remarks on small business.

I commend your government for introducing the small business hotline. I am sure that it is a godsend for people who are plagued with middle-of-the-night questions that can seem overwhelming to a person entering the somewhat frightening world of owning your own business. It must be comforting to know there is professional, understanding help available just for the asking.

The booklet published by your ministry entitled *Starting a Small Business in Ontario* is also an excellent publication. I know there has been quite a demand for it, certainly in my own constituency and, I am sure, in most other constituencies. People have expressed their gratitude that this kind of help is available. I would like to know how much the booklet cost the taxpayers of Ontario and whether it is providing information beyond what is available in libraries and bookstores.

Going back to the hotline, I would like to ask the minister how many calls the hotline has received since its inception; how many of those calls have actually resulted in people proceeding with their plans; and how many people, after receiving information from the hotline, realized that they were not yet in a position to set up a new business.

We realize that alerting people to the glitches that cause business failures is as important as advice on how to set up a business, and it appears that the small business hotline is able to do just that.

9:20 p.m.

While we are busy handing out bouquets, I will mention the small business innovation centres in which Cambridge, Kitchener and Waterloo will be participating. Special thanks should be extended to the municipal officials of the region of Waterloo for their determined and dedicated effort over the past few years in bringing this new concept to fruition.

I should also ask the minister, however, why he neglected to include my name in the press release of December 4, when he quoted the other MPPs from the Kitchener-Waterloo-Cambridge area, namely Mr. Epp, Mr. D. R. Cooke and Mr. Sweeney, as saying in unison, "We are extremely pleased that these facilities are coming to the Waterloo region." I, too, am very pleased that these centres are coming to our area—

Mr. Pierce: Maybe he never knew that.

Mr. Barlow: Maybe he did not. Maybe I did not make my voice clear enough.

Mr. Taylor: He was instrumental in it.

Mr. Barlow: This began back in the previous regime. I should point that out to you.

Mr. Taylor: He was left out.

Mr. Barlow: I was left out. That is right. I wanted to point that out, and perhaps the minister can explain the oversight on his part.

My pleasure, therefore, is in seeing a good idea which many sincere people nurtured finally coming into reality. It could be construed, however, that the pleasure of the members I just mentioned will be in marketing these centres as their very own innovative centres when they go out to sell their worth to the electorate.

Bill 79, An Act to amend the Municipal Act—not under your ministry—which permits municipalities to establish programs to counsel small business and encourage new business, leaves a few questions unanswered. It refers to the innovation centres or incubator centres, as they are sometimes known. Has the minister fully reviewed this bill for any conflict there might be with private business? Have you had a chance to review that?

Hon. Mr. O'Neil: No, I have not.

Mr. Barlow: Information programs, advisory programs and grant programs—which, incidentally, sometimes have the adverse effect of subsidizing one business at the expense of another—are simply not enough. The lack of such programs is not the main concern of the business community. Its primary concern is the difficult regulatory burden that government often places on it.

On that note, I ask the minister what position he took with his cabinet colleagues on the difficult-to-interpret—let alone implement—change in the Retail Sales Tax Act, as it pertains to restaurant meals for less than one dollar, except for food that is considered snack food, etc. It is causing unbelievable turmoil in the food service industry, slowing down service and negating the goodwill that has been built up with customers.

To use this piece of legislation as an example, I noticed that the Treasurer hinted at even further changes to this act in the next budget. If that is so, then the expense many restaurants have had to incur to accommodate the change that came into effect on January 7 might have been inadequate or unnecessary, depending on any amendments that might be coming forward in the future.

The point I am making is that this picking away at legislation causes chaos, primarily in the small business sector, because most small businesses have neither the professional assis-

tance nor the monetary resources to make changes every time the government has a political whim. It costs hundreds of dollars to have a computer cash register reprogrammed, and the demand to have that done is such that it will be budget time again before all the cash registers are properly serviced across the province. Then what? Do they start all over again to respond to new tax measures?

If the objective of the ministry is to develop “policy and program recommendations aimed at enhancing the competitiveness and growth of Ontario’s industry”—this is in the ministry briefing book on page 1.20—how does the minister justify his recent support of the amendment of the Labour Relations Act, otherwise known as first-contract legislation? Does he not see this legislation as a divergence of objectives, in that strengthening labour rights has the adverse effect of weakening competitiveness?

The pay equity concept, otherwise known as equal pay for work of equal value, is another nightmare for small businesses. They believe it will be a significant regulatory burden which is totally unnecessary. Will the minister tell us how equal pay legislation will address the inequities in our labour system. I am sure he shares the concerns of business and voices them at the cabinet table. Does he feel the government will be sensitive to business when pay equity legislation is brought in? Perhaps the minister can answer now.

Hon. Mr. O'Neil: Whenever any legislation is coming forward, we all have a chance to look at it and make recommendations before it goes to cabinet, when it is at cabinet and when it is voted on.

Mr. Taylor: What were your recommendations on this one?

Hon. Mr. O'Neil: Our recommendations are put forward to show the business side of things and how we think it should be handled. Sometimes those recommendations are taken and sometimes they are not.

Mr. Barlow: Therefore, we can look forward to the fruition of those. Your input is still to be seen.

Mr. Taylor: It seems to me—

Mr. Chairman: Do you really want an exchange on this now, Mr. Barlow?

Mr. Barlow: I still have a bit to go, but maybe we can get into questioning after that. I am sure my colleague will agree with me on that.

One of the real beefs many businesses, both large and small, have—and I am sure the minister

has been approached on this issue the same way I have—is that there is a decided shortage of skilled labour and even a shortage of people who are able to place themselves in the work force, in the job market. There are many examples of firms, such as Diemaster Tool Inc. of Mississauga or Havlik Enterprises Ltd. of Cambridge, which are prevented from reaching their full business potential because they cannot find the skilled personnel they need. They need machinists and tool and die makers. There is a grave shortage in the province of these two trades.

If there is a shortage of skilled labour, a firm would be only too happy to hire a capable individual and pay that person the going market rate, whether that person is male or female. The key word here is “capability. Employers are having difficulty finding capable trained people. I realize this is under the purview of the Minister of Skills Development (Mr. Sorbara), but I hope the Minister of Industry, Trade and Technology can offer some assurance that he is working with his colleague to identify these shortages and introduce some positive action to alleviate the situation.

I understand the Minister of Labour (Mr. Wrye)—again, that is not your area of specific responsibility, but certainly the concern of the minister responsible for small business—is looking at strengthening the wrongful dismissal legislation. If that is so, it behooves this minister to alert his cabinet colleagues to the damage such intervention can do in the small business sector.

As the legislation now exists, it is very difficult to release an employee for just cause. I cannot imagine too many employers, given the lack of skilled and capable employees, would want to let someone go for unjust reasons. As I understand it, the proposal will probably encourage more people to sue for unjust dismissal, and this in time will simply add to the employer's costs with additional paperwork and legal counsel. Again, it will add a burden to the small business owner. The minister must speak out against it if he is to retain credibility with the small business sector.

Ontario's economy tends to be more manufacture-based than resource-based. We have to consider that industry and capital can easily flee to other jurisdictions if government intervention becomes too severe. Already I hear companies wondering whether Ontario is the right place to set up shop, as the tone of the Liberal-New Democratic Party accord tends to be more pro-labour than pro-business. We must strike a balance between the two.

According to a recent report of the Canadian Federation of Independent Business, even the new Family Law Act introduces negative implications for the viability of the independent business sector. They are warning of the possibility of serious reduction of business capital as the dissolution of marriages becomes more prevalent. I am sure the minister made some attempt to make other members of cabinet understand the far-reaching effect this legislation will have on industry in our province. I hope the minister will provide us with the details of his efforts in this regard a little later on.

9:30 p.m.

Another area in which small business is currently experiencing difficulty is in obtaining liability insurance. One of the figures being bantered around is that 1,000 companies in Ontario cannot get liability insurance or cannot handle dramatic premium increases and are considering doing without the proper insurance.

Small exporters to the United States are having an especially hard time. We all realize that with so much of Ontario's economy depending on exports, this dire prediction indicates trouble for the province. There is no doubt that one claim could entirely destroy a company operating without insurance, and the recent turn of events seems to make such uninsured operations more and more probable.

Although I realize the insurance problem is not under this minister's jurisdiction, I want to stress the need for government sensitivity in this area. Any avenues which could help alleviate this situation should be pursued. It is my sincere hope that the government is closely monitoring this situation.

I understand that Alan O'Donnell on behalf of the government organized more than 20 insurance companies into a voluntary association in Ontario to provide liability insurance to small businesses and nonprofit organizations that could not otherwise obtain the proper coverage. This arrangement is not designed to cover product liability of companies with any US exposure. In view of the US being a critical export market for many Ontario small businesses, the government has failed in this regard.

I am safe in saying the insurance industry is not pleased at the prospect outlined by Mr. O'Donnell, that it will be forced to “participate in government-dictated pools and be asked to write a class of business that the company has never written and has no desire to write.” Later, I will ask the minister, as the advocate for small business, what provisions he is looking at for

small businesses which need coverage to survive.

Moving on to another subject, I am pleased with the progress of the seven technology centres created by the Progressive Conservative government to help small manufacturers put new processes to work, particularly the Ontario CAD/CAM centre in Cambridge. I do have some questions, however, on the activities of the centres. How many seminars were held for how many attendees? How many trade shows were they involved in? How many contracts were signed and for what value?

I will ask for answers to these important questions later, but I do want to know what intentions the government has with regard to the five-year mandate of the centres which expires in about two years' time. Does the government intend to extend or renew the centres' mandate, provided it is still in power at that time?

We are very pleased to see the government going ahead with legislation to include high-tech firms in the small business development corporation program and that high tech will be an SBDC priority. I ask the minister to comment on whether there are any plans to include the service industries, such as construction and, if I might be a little parochial, trucking, in either the SBDC or the Ontario Development Corp. programs.

I look forward to hearing the minister's response to the points I have raised at the appropriate time. As we go through these votes, my colleagues and I will be asking further points of clarification about the various programs.

Mr. Chairman: Thank you, Mr. Barlow. The chair is impartial, but I commend you on your ability to ignore the interjections and deflect the barbs of your caucus colleagues during your presentation.

Mr. Barlow: I also sat in the chair when he was there.

Mr. Chairman: I understand. I assume we will hear from the other critic before the minister responds.

Mr. Morin-Strom: Thank you very much, Mr. Chairman.

This is my first endeavour in such a vein of trying to assess the estimates of a ministry. I find it a rather perplexing task. In particular, I find rather perplexing the whole process we are going through. I have to question seriously the meaningfulness of looking at budget estimates and analyzing what the ministry is doing a month and a half before the year is over. It seems to me it would be more practical to be looking at budget estimates for 1986-87, the fiscal year starting

April 1, rather than at the fiscal year ending March 31 which, at this point, is pretty well finished.

I suggest to the minister that one thing he might pass on as a suggestion to his colleagues is that they review the whole budget process and the process of doing estimates and try to get the debate on the budgets occurring much earlier in the year. Ideally, it would be helpful prior to the fiscal year to have open discussion in the committee forum, where we could be looking a little into the future rather than discussing what has happened in the past.

From my understanding, this certainly is not a problem solely of the new government but has been an ongoing one for a number of years. It is certainly one I experienced while on the board of directors for the children's aid society in Sault Ste. Marie. I was treasurer for a number of years.

Mr. Taylor: They had problems.

Mr. Morin-Strom: No. We ran quite large surpluses the last few years, although we were in big deficit positions when I started. We were always planning for the future but were always waiting for the ministry to come up with service plan and budget approvals, which would occur a minimum of six months after the year was over. The ministry was still planning the year that had already passed.

Mr. G. I. Miller: Always one step behind.

Interjections.

Mr. Morin-Strom: Another thing we have to question is the number of hours being allocated here. We were given five hours to address this ministry. According to my watch, two addresses have taken well over an hour and a half out of the five hours. Given the number of questions the member for Cambridge (Mr. Barlow) has brought up and the number of issues and questions I am going to bring up in my address, I cannot see any possible way we are going to get through the multitude of issues we should be looking at and the multitude of questions we should be getting answers to from the minister. I feel the time allocated is inadequate. I hope in the future more time will be allocated for addressing this ministry.

9:40 p.m.

I have another comment on Mr. Barlow's address before I get to the minister's address. Understandably, there was preoccupation with the Toyota plant as it is coming into his riding and will have a major impact in his area. I have some concerns about the whole process of attracting

the Toyota plant and what Toyota specifically has promised the province.

If time permits later on, perhaps the minister can address not only the attracting of the plant but what types of job guarantees for that plant we have from Toyota, what guarantees we have that it will use Canadian parts, steel and suppliers of automobile components and, more pointedly, whether Toyota has assured either the Canadian or the Ontario government that it intends to abide by the terms of reference of the auto pact, which specify a Canadian content requirement in the vehicles it produces.

I also want to know very specifically what grants and/or subsidies may have been allocated to Toyota to attract it to locate in Ontario and what promises of government expenditures on infrastructure may have been given to Toyota if direct grants were not promised.

I am concerned about us subsidizing an auto company that may not provide as many benefits as one of the North American auto companies would have. I hope this minister can assure us that any promises in the vein of subsidies, grants or spending on infrastructure would be extended fully and at least equally to the North American auto producers. I hope we have not attracted it by giving preferential treatment to a company that may not have given us the guarantees of jobs, investment and purchasing from Canadian suppliers.

Moving on to the minister's remarks, the first point that caught my eye was on page 4 where the minister said, "We are dissecting and modifying the programs and services the government is offering." However, in the estimates I see on the Ministry of Industry, Trade and Technology, and in the minister's remarks, I do not see a fundamental change in direction in the ministry, certainly not with respect to spending or areas of spending for this ministry. I want to know more specifically when the ministry is going to change some of its directions and focuses. I will get into some of the areas that I suggest in more formal remarks later on.

Next, on page 9, there is mention of the Ontario Development Corp., which the ministry believes is one of the best ways to encourage investment in the province. The minister says he has asked his officials to conduct a thorough review of these agencies, particularly with regard to the reduction in financial assistance to both the Northern Ontario Development Corp. and the Eastern Ontario Development Corp.

I am extremely concerned about the figures given in the estimates in this regard. The

estimates indicate that the allocation for NODC has been reduced from the 1984-85 estimate of \$7.15 million to a 1985-86 estimate of \$5.8 million. This is a rather severe reduction of \$1.35 million allocated to northern Ontario, an area that desperately needs development assistance from this government. For the life of me, I cannot see any explanation for wanting to redirect investment from northern Ontario to central Ontario.

A similar reduction has been made in the budget for the Eastern Ontario Development Corp., a reduction of \$1.35 million in the estimate. The total of those two reductions has been pumped into the Ontario Development Corp. Presumably, that will be coming down into the industrial heartland.

If that is an indication of the change of direction of this ministry, I am extremely concerned. It may be that is where the demand is. From your comments on page 9, this apparently is what some of your ministry officials have indicated to you. Basically, your officials have told you, "The response was that there simply was not the demand for it in other regions."

That may be, because the province's economy is reasonably healthy in the Toronto to Cambridge area. A lot of businesses are looking at expanding and new businesses are starting up in this area. The extremely high unemployment rate is in the northern Ontario area, as well as in some areas of eastern Ontario. We should not be allocating the funds based on where the demand is for new investment; they are the areas that are already creating the jobs.

The government's role in this kind of corporation should be to encourage development in the areas where unemployment is highest and where we need the development. The allocation should be going in the other direction. Your ministry should be out looking for and encouraging new investment in the areas where we need jobs the most.

I will move on to page 11. On this page of your remarks, you comment on the international trade offices that the ministry has established around the world—six in the United States, three in Asia and three in Europe. This seems to contradict the annual report for 1984-85. Maybe it does not contradict it, because that is for the year before. In 1984-85, there were eight in the United States, two in Asia and three in Europe. We know the two offices in Philadelphia and San Francisco were closed in the US. In Europe, we lost the one in Brussels.

I have strong concerns about why that happened. I hope the minister will provide

evidence to justify that move. I recall the Treasurer in his budget address making reference to the fact that those three offices were being considered for closure. He also made specific mention of the fact that a study was being done to determine the viability of those offices and whether they would be better relocated elsewhere. I hope the minister will be able to table the study the Treasurer indicated was going on within the government, and presumably within your ministry, to justify those moves.

9:50 p.m.

Considering the amount of trade between Ontario and the United States compared to trade with Europe and Asia, one has to question seriously the reduction of offices in the United States. Trade with the US far outweighs trade with all the other countries of the world. My understanding of the impact of those offices in the areas in which they were located is that they generated considerable additional business. There is concern, particularly among smaller business firms that are involved in export, about the sales they may lose if they do not have access to those offices, which enable them to deal directly with those markets on a periodic basis.

I would like to move to the remarks on page 15 having to do with the lobbying done by your ministry on protectionist moves in the United States. You indicate that in the past the province has assisted in dealing with protectionist legislation and actions against the steel and cement industries. What has the ministry been doing since the change in government and what directions does it intend to take to lobby on behalf of Canadian industry facing protectionist actions?

Although I am not by any means an advocate of free trade, it is well known that I am extremely concerned about US protectionism as it affects particular industries. It really is focused on certain industries. One is the steel industry, in which I worked for about six years before being elected last spring.

I am well aware of the issues facing the steel industry with respect to protectionism in the United States. It is a unique industry. The Reagan administration is known for being a strong advocate of international trade and for being against protectionism. It is one industry on which Reagan has given in to industry lobbying, has enacted tough protectionist measures and has laid out forced quotas on most of the countries of the world in respect to steel imports into the United States.

This is a problem facing not only Canada; action has also been taken against countries around the world. It is rather exceptional in the United States. Most cries for protectionist help have fallen on deaf ears in the Reagan administration, but the steel industry is not one of them. Because of that, it is very important that we provide assistance to the steel industry. I am not talking about financial assistance, but about assistance in lobbying with the US administration and Congress in Washington.

In the past few days, I have been speaking with steel industry people in Sault Ste. Marie. They tell me the issues facing them are flaring up again and they foresee serious difficulties with current investigations by the United States International Trade Commission of pipe and tube products entering the United States.

This is an issue of vital importance to the big corporation in my home town, Algoma Steel, which is in the process of completing a \$350 million tube mill. It is slated to go into operation by the end of this year. They want to start selling to the marketplace with the highest quality tubes produced in North America, tubes competitive with tubes from anywhere else in the world. US action on pipe and tubes could be severely detrimental to the operation of that seamless tube mill at Algoma Steel. It is vitally important that it have access to the US market, which historically has been roughly 50 per cent of its tubular sale. In recent years their Canadian sales have held up much better than their US sales, but they have not been able to be price competitive. This new mill is a very efficient low-cost mill.

Mr. Chairman: Mr. Morin-Strom, do you mind if I interrupt you? I just came from the Legislature. It is not a quorum call; it is a challenge to a ruling by the Chairman of the committee of the whole House. It is the kind of vote I believe the committee should adjourn and go in for, when we find out how long it will be; it is important. We can proceed for a few moments until we find out how long the bells will ring.

Mr. Morin-Strom: I have stressed the importance of fighting these actions of protectionism as they flare up in the US. We have a few more minutes. Let us move on to page 20 of the opening address.

Mr. Chairman: The decision is that we are wanted immediately in the House. We will recess. I am not sure whether it makes sense to come back. If we vote in the House in the next 15 minutes, we will come back. If we do not vote in the House by 10:15 p.m., we will not come back this evening. Is that agreed by the committee? If

the latter is the case, we will adjourn until 10 a.m. tomorrow morning.

The committee recessed at 9:57 p.m.

10:14 p.m.

Mr. Chairman: The vote will not be held

until later, so we will not be reconvening this evening. We hope to see all of you tomorrow at 10 a.m. Thank you and I am sorry for the inconvenience.

The committee adjourned at 10:15 p.m.

CONTENTS

Tuesday, February 11, 1986

Opening statements: Mr. O'Neil	R-981
Mr. Barlow	R-988
Mr. Morin-Strom	R-995
Adjournment	R-998

SPEAKERS IN THIS ISSUE

- Barlow, W. W. (Cambridge PC)
- Laughren, F., Chairman (Nickel Belt NDP)
- Miller, G. I. (Haldimand-Norfolk L)
- Morin-Strom, K. (Sault Ste. Marie NDP)
- O'Neil, Hon. H. P., Minister of Industry, Trade and Technology (Quinte L)
- Pierce, F. J. (Rainy River PC)
- Ramsay, D., Vice-Chairman (Timiskaming NDP)
- Taylor, J. A. (Prince Edward-Lennox PC)

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Legislative Assembly of Ontario



Standing Committee on Resources Development

Estimates, Ministry of Industry, Trade and Technology

First Session, 33rd Parliament

Wednesday, February 12, 1986

Speaker: Honourable H. A. Edighoffer

Clerk of the House: R. G. Lewis, QC

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CONTENTS

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, February 12, 1986

The committee met at 10:08 a.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY (continued)

On vote 2401, ministry administration program:

Mr. Chairman: When we adjourned last night, we were on the first vote of the estimates, vote 2401, and Mr. Morin-Strom was in mid-flight when he was interrupted by the ringing of the bells. Would he please proceed.

Mr. Morin-Strom: To continue following up on some of the points that were brought up by the minister in his opening address, I will turn to the issue of free trade, which was discussed to some extent in his opening remarks. This is an area about which I have very serious concerns. Many of them arise from the extensive hearings in which I was a participant on the select committee on economic affairs.

I notice in the remarks that a number of restrictions are being advocated by this ministry quite explicitly by saying the auto pact should not be included in the negotiations and agriculture needs to be excluded from any agreement. The minister has said no proposals can restrict our political or cultural autonomy or our social programs, nor can they affect our ability to narrow regional disparities. As well, he has stated research and development programs should be exempted.

I am pleased to see all these restrictions and caveats being put on free trade negotiations or discussions. However, given all these exclusions, one has to question whether it is possible to discuss free trade at all. These exclusions, by definition, take us away from free trade, and the minister is effectively advocating that we should not be moving ahead on a comprehensive free trade agreement. I wish this government would make that much more explicitly clear.

One of the points made is that any free trade agreement has to fit within the framework of the General Agreement on Tariffs and Trade. The GATT framework states quite clearly that for individual countries to work out a separate trade agreement from the GATT international agreement, it has to be a free trade agreement on a very comprehensive basis. The kinds of restrictions

this ministry, and presumably the government, is proposing preclude us from entering into the type of agreement that would be acceptable under GATT, which by the GATT definition has to be comprehensive in nature.

Next, I will speak briefly on small business, which is extensively discussed in the opening remarks of the minister. It is an area of great importance to the province and it has to continue to be encouraged because of its job-creating potential.

I want to bring up one concern I have on small business. The January 1986 issue of *Small Business Ontario*, which gives news from the Ministry of Industry, Trade and Technology, has a picture of the minister inside with a quote taken from an article called the "Hottest Game in Town: Small Business." The quote says:

"Large companies are divesting functions and entrepreneurs are taking up the slack. There is a great opportunity to create jobs and wealth, but we have to move quickly."

I have some concerns about this being the rationale for growth of small business and this being the area pushed for growth of small business. "Large companies are divesting functions" implies to me the contracting out of work that may normally be done by the employees of large companies. In many cases, they may be long-standing employees making very good wages.

There has been a move by many larger corporations to take a lot of work that would normally be within the purview of their own employees and contract it out to companies that may be paying lower wages, providing fewer benefits, employing part-time workers rather than full-time workers and not providing the same job security that normally comes with a job in a major corporation.

I hope the emphasis with respect to encouraging small business will be on productive, new enterprise that would be creating economic wealth in the province and not just taking jobs from one sector of the economy, the large corporate sector, and moving them into the small business sector as a cost-saving manoeuvre, which may be to the detriment of the workers of the province.

As well, on the small business side, there is mention on page 31 of the small business development program and the \$30 million the Treasurer (Mr. Nixon) has allocated to the small business development corporations for cash grants and tax incentives. I want to know where that money is being allocated geographically across the province and, in particular, how much of it is going to less-developed areas, the areas with the highest unemployment, and how much is allocated to northern Ontario.

On the issue of the technology centres, the minister indicated his ministry is currently reviewing their effectiveness. However, he says he believes their general intent was and is correct. I would like to hear something more specific about what direction he is planning to take with those technology centres. Will funding be increased in future years? How closely tied does he believe they should be to community colleges and our universities, or should they be completely independent of our other educational and research institutions?

I would highly recommend that an area that should be explored for the possibility of a new technology centre is forest products research. Through the Ministry of Natural Resources, the province puts considerable emphasis on forestry. Both federally and provincially, we have forestry research centres in the province, including a large federal research centre in Sault Ste. Marie. However, I do not think enough emphasis has been put on the development of new products from the forestry industry. Our emphasis has been too much on getting the forest resource out.

We hope there is increased emphasis on renewing the resource, but traditionally we have sold most of it in a rather crude form, as newsprint, pulp or lumber. We should be putting much more emphasis on doing more finishing of our forest resource, converting it as much as possible into a finished product by a manufacturing enterprise. We should be putting some emphasis on seeing how that industry, which is such a natural and important one for our province, can be used to create more jobs and put more added value into that product.

A forest products research and design centre in northern Ontario would be of major benefit to the north and would be the kind of endeavour that would allow us to generate and stimulate some more secondary industry related to the forest industry in northern Ontario. It is a natural area for helping to balance the economy of northern Ontario, and it is one I strongly encourage this government to pursue.

10:20 a.m.

I have a final remark on the minister's comments, as I come back to page 18, where he states quite clearly, "We believe this country should develop an industrial policy that will enhance our capacity to produce superior products and services." That is a statement with which I agree very strongly. The need for an industrial policy in this province is vitally important.

One of the suggestions we heard from numerous delegations to the select committee on economic affairs, while we were holding hearings on the trade issue, was that before we seriously pursued new trade arrangements, it was essential that Canada developed an industrial strategy as to where we were going with our economy.

This is an area the province has to enter. I do not feel we can just let the market go off in haphazard directions. I do not think that has been in the best interests of the province in recent years, particularly in terms of the high levels of unemployment we have seen.

We have to target areas of growth in our economy and in the world economy, areas where we feel Ontario can be most successful in competing. We also have to make an advance investment to ensure that we have the technology in place, as well as the research and development, that puts us on the leading edge of things. We have to have people trained and knowledgeable enough to be able to develop in new growth areas. We also have to have encouragement in terms of infrastructure that will lead the development of new, growing industries in the province.

One of the concerns I want to speak briefly about is the relationship between resource development, which has been so important to the development of the Ontario economy, and regional economic disparity, particularly as it relates to the economy of northern Ontario.

At this point, I am digressing from discussing directly the minister's remarks. However, I want to express some of the concerns I have about the direction in which the province is going and in which it should be going. I do this to ensure that the northern Ontario economy is a more balanced one and that the relationship between resource development and regional economic disparity is addressed by this provincial government.

Historically in Ontario, it has not mattered whether one talks about the resources of nickel, lumber, pulp and paper, iron and steel, or even the gold from the new boom in Hemlo. There is a strong correlation between resource develop-

ment and regional disparity in northern Ontario. In the vocabulary of economic life, resource development has become synonymous with dependency. Dependency has become another word for vulnerability.

In northern Ontario, we have an economy dependent upon the extraction and export of primary mineral and forest products. In the mineral sectors, about 28 per cent to 35 per cent of Ontario's output, at best, is absorbed by Canadian consumption. More than 95 per cent of our nickel is exported.

In northern Ontario, our economy is dependent upon the multinational corporations. It is hard to find a community that is not a single-industry town, or at least where employment is not dominated by one major industry. When we have communities beholden to individual companies and industries, we have communities vulnerable to private decision-making. In many cases, these decisions are made outside the north, and, in fact, outside all of Canada.

In northern Ontario, our iron-ore work force has been reduced by half in the past decade. We have an economy where much of the wealth and job-creation potential of our resources are lost to southern Ontario and other metropolitan areas within the United States. Even though the north contains more than 75 per cent of Ontario's productive forests, fully 60 per cent of the jobs involved in manufacturing the raw materials into other products, such as furniture, are located in southern Ontario. In the area of mining, only one out of every seven jobs is in primary production and the north gets very few of the other jobs in secondary and tertiary industry related to mining.

In the north, we have an economy that contributes very much, directly and indirectly, to the gross provincial product, but northerners are deprived of the physical, social, community and cultural necessities and amenities that this wealth helps to support in southern Ontario. In the north, we have an economy that cannot possibly provide the secure foundation on which stable communities can be built.

In the north, we have an economy that provides far fewer opportunities for young people, and particularly for women, than does southern Ontario. In the north, we have an economy where jobs are more insecure, people more vulnerable to fluctuations in the international market, labour more transient and decision-makers more remote.

In the north, we have an economy that makes it easier to get to the south than to other centres in the north, while communities have closer rela-

tionships with southern industries than with northern communities. People in Sault Ste. Marie find it far easier to commute to Toronto than to Sudbury. It is far faster to get to Toronto via plane than it is to drive to Sudbury. In everyday relationships, people are used to dealing with Toronto rather than with other communities in the north. There is a lack of communication and understanding of each other's communities across northern Ontario because of that geography.

In the north, we have an economy so susceptible to the boom and bust of resource extraction that governments historically have just accepted it and ignored that factor. In a brief to the select committee on economic affairs this past summer, the Ministry of Northern Affairs and Mines admitted it had lost half the nickel jobs and more than half the iron-ore jobs in Ontario, but part of its solution was to assert glibly that these losses will be compensated to some extent by new mining jobs created in the Hemlo-area gold mines.

What does that mean to the hard-rock miner in Sudbury who has lost his job because of the Inco cutbacks? His life savings are locked up in a house that can only be sold in a depressed market. He may be too old, in mining terms, to move to Hemlo and be able to take on new employment or be hired by a company that is looking for younger workers. In the north we have long argued against a view of northern Ontario as a supplier of raw materials for the Golden Horseshoe and as an extra market for its manufactured goods and services.

These themes that emerge from the north-south resource relationships in Ontario are now being played out on a larger international stage around the free trade issue. The Macdonald royal commission, which was originally established as an inquiry into the economic union of Canada and ended up advocating free trade with the United States, describes the relationship between Canada and the US in a way that graphically makes my point:

10:30 a.m.

"Whether our association with our neighbour is easy or not, we 'need' the United States. It buys about a fifth of what we produce, and it sells us many of the products which make our own lives rich and varied. We watch American television, drive American cars, eat American vegetables, drink American orange juice and wear American clothes. The United States, however, also needs us. It needs our iron ore to make cars, our paper to print newspapers, our

subway cars to travel to work and our lumber to build homes."

There we have, in one short paragraph, a clear expression of the subordination of the Canadian economy to the resource need of the United States on the one hand, and as a consumer market for the output of US manufacturing on the other. Our trade relationship with the US is structurally imbalanced. Although Canada currently boasts a surplus of about \$20 billion in our trade account with the US, that surplus masks very high and alarming deficits in key economic sectors.

The trade figures point out that Canada's economic role is as a major exporter of raw materials and semi-processed goods, of which we do have a very large surplus. At the same time, we are a very large importer of manufactured products and services, in which we have a large deficit with the US.

What does that mean for Canada? We know that the growth in world trade is in manufactured end-products and services. It is not in the commodity sectors. We know that the terms of trade in resources are not in Canada's favour. We have a growing deficit in the technology sectors. We know that the whole concept of comparative advantage in global terms is shifting from geography to high technology and cheap labour. Why should we reinforce what are, in fact, comparative disadvantages?

At times I wonder where Japan would be today if its political and economic leaders back in the 1960s had accepted that country's future as an exporter of souvenir trinkets. If we accept the Mulroney-Reagan vision of Canada, we will never change Canada.

Canada has missed every opportunity it has had to use its resources to build a more balanced economy. Take nickel as an example. Canada used to have a virtual world monopoly on nickel production. In 1940, Canada represented 86 per cent of world nickel production. By the mid-1980s, Canada's share had dropped to about 20 per cent.

From the Depression to 1981, Inco never sustained one year of loss. Inco took literally billions of dollars' worth of surplus out of Sudbury and out of Canada. That economic surplus was used to acquire companies in such unrelated areas as battery manufacturing. It was used to reduce the company's dependence on Sudbury workers through nickel investments in Guatemala and Indonesia.

Nickel prices for the last several years have been at a 30-year low. Nickel investments have been financial disasters, and Third World pro-

ducers are in open competition. As a result, Inco has reduced its Sudbury work force from 18,000 in 1971 to 7,100 in 1985. The point is that nickel was a strategic and valuable resource. It was clear that our stranglehold on world production would not last forever. Instead of using the economic surplus from that limited resource to help build a manufacturing base, we have allowed Inco to use the surplus as private profit.

We have a similar problem in forestry. We have allowed companies to devour a first-growth forest. Now we have a situation in which a renewable resource has become a scarce commodity. Companies which have done the plundering have not even used the economic surplus to reinvest in their own industries or in the regeneration of their own raw material.

When the Ontario Forest Industries Association appeared before the select committee on economic affairs, it admitted that many of its paper machines are between 50 and 70 years old and cannot compete with Scandinavian production, where the average age of machinery at many plants is about five years.

Why is it that the pulp and paper industry has been allowed to continue to produce on machinery that was modern at the time of the First World War? Why is it that despite decades of profitability, it has taken hundreds of millions of taxpayers' dollars to help some of those companies upgrade their facilities?

This story is repeated all across the country. Alberta's entire economy, formally the blush on the resource bloom, was rapidly and dramatically turned upside down when multinational capital decided to go on strike there. It has taken a massive public bribe in the form of the western accord to convince capital to end that strike.

For every \$1 million worth of oil and gas we export, however, Canada generates one job. On the other hand, every \$1 million worth of computer imports into Canada costs Canadians 10 jobs. This is the imbalance between the exporting of resources and the importing of finished products. Eric Kierans, economist, politician and businessman, said it very well in this quote:

"Resource-rich nations that continually yield up the value of their wealth in return for the labour employed in their exploration will never be more than resource nations. They lose the opportunity to form their own capital, capital which will enable them to break out of that very reliance on the resource base and reduce their dependence."

As a northerner, I am convinced that the link between resource development and regional disparity will not be broken as long as free rein is given to free enterprise. As a social democrat, I am convinced that economic planning and government intervention is necessary to break the cycle of resource exploitation and economic dependency.

It is precisely to prevent those possibilities that the Macdonald commission opted for free trade. In its final report, the Macdonald commission refers to Canada as being at the crossroads. The commission is quite clear that major changes in Canada's political economy are necessary changes which it describes as "radical, not cosmetic."

At one point in its report, the commission is startlingly frank about the choices Canada faces. In their decision on free trade, the commissioners are clear about the alternative. They argue that if we do not accept free trade, our current situation "might lead very quickly over the next few years to calls for a planned economy." Clearly, this is the area the Macdonald commission was concerned about.

I, and many others in this country, feel we have to be moving in that direction. The overriding goal of any economic strategy should be to make our lives better. Our economy should be structured in such a way that it serves the needs of people and their communities. That might sound like idealism, but if we start from that principle, we can develop a strategy for getting there.

In Ontario, it is clear that we need to stabilize the northern economy by strengthening secondary manufacturing and diversifying regional, local economies away from single industries or sectors. It is clear that we have to develop a public response to the boom-and-bust cycles, which undermine stable countries and orderly economic development. It is clear we have to eliminate disparities between northern and southern Ontario.

In the north, as in the country as a whole, the challenge is to develop a more reliant and balanced Canadian economy across this whole country. Canada needs to pursue a different economic course than the one being set by the federal Conservatives. Instead of free trade, Canada and Ontario need an industrial strategy that among other things, should look at the following components:

1. Recognizing as legitimate, regional economic concerns;
2. Supporting domestic industry by creating an import substitution program to reduce certain

job-intensive imports by effectively using Canadian public purchases and by effectively producing more finished products from our raw materials and resource heritage;

3. Introducing a program of domestic-content legislation that forces multinationals selling in Canada to provide Canadians with a fair share of jobs. The auto pact is an excellent example of what can be done in a manufacturing sector with an appropriate program of Canadian-content guarantees;

4. Building and diversifying Canadian industries with domestic savings and encouraging domestic investment to reduce Canada's dependency on foreign investment. It is very important that we make the decisions on where Canada is going and benefit from the profits to be made on those investments within our own economy rather than giving them to another country.

Mr. Taylor: I assume that includes foreign-exchange controls.

10:40 a.m.

Mr. Morin-Strom: I am not sure about that. It is not my intention today to provide a blueprint for restructuring the Canadian economy. I hope in the follow-up discussion we can explore some of these issues that are of concern to myself and others who come from northern Ontario.

Mr. Chairman, I thank you for your indulgence. Perhaps we can move on.

Mr. Chairman: I suggest that the minister respond to the two critics now. Then we will deal with the votes in whatever time is left. I do not think it makes sense to split up the votes individually, given the limited time we have left.

Mr. Taylor: How much time do we have?

Mr. Chairman: There was general agreement that we would end at 12:30 p.m.

Hon. Mr. O'Neil: Possibly the best way to go at this would be to deal first with some of the questions asked on trade matters. I ask Mr. Philip Allanson, assistant deputy minister of trade, and Mr. Bronskill as well, in case we have any questions regarding facts and figures, to come to the front.

The first question the member for Cambridge (Mr. Barlow) covered in his sheets was in regard to flow of labour across boundaries. I know a couple of questions have been asked in the Legislature on the same thing. It is a problem that has been around for quite some time. Over the last number of years Ontario workers going into Quebec or Manitoba have not been granted permits to work.

We feel this matter should be looked after and dealt with in the free trade agreement. If we are talking about free or freer trade with the United States, we have to clean up our act in Canada first so interprovincial discussions can go forward touching upon free flow of goods and labour.

I assure Mr. Barlow that it will be part of the discussions we will have when we get down to freer trade discussions. It has already been broached. It is also a matter I feel should be discussed between first ministers at their next meeting. It is an important topic and I hope it will be dealt with and solved so there will be free flow of labour across the borders.

Mr. Taylor: I do not think we should confuse bilateral talks with domestic problems. With respect to your priority, which is addressing the domestic problem of restricted flow of goods and services between provinces, whether it is beer or bodies, what is the minister's timetable or strategy in resolving the problem?

As you have said, in fairness, it has been a problem with us for many years. You have not authored the problem, but now you are saddled with addressing it. I am wondering what your approach is. I know what your hope is. What will you do? What is your strategy?

Hon. Mr. O'Neil: It is always brought up at free trade discussions that we should be looking after the problems we have between provinces, whether they be labour, certain goods or things such as that. We feel an excellent chance and time to get into these discussions is when we are dealing with the freer trade issue. This subject is on pretty well all agendas, but we have never got into any concrete talks on it, except between ministers and some officials. We are meeting next week with some of the federal officials and the subject will be broached at that time, not only for the labour bit but also for the free flow of goods between the provinces.

Mr. Taylor: I will not delay this. However, I am wondering about strategy. If something comes out of your bilateral discussions with the United States, do you propose to use them as a reason for arbitrarily imposing on the various provinces a diminution of these interprovincial barriers as a matter of necessity to comply with the bilateral agreement? In other words, are you looking at it in terms of the bilateral agreement strengthening your hand to force domestic change? Is that part of your strategy?

Hon. Mr. O'Neil: Yes, somewhat. When we have all the provinces together, whether it be with the first ministers, trade ministers or economic ministers, we have to solve that

problem before we get to the free trade issue. We have to discuss these problems together and we feel this is an excellent opportunity to do so and to solve these problems.

Mr. Barlow: Do the other provinces recognize that as a problem or is it just Ontario?

Hon. Mr. O'Neil: They realize it is a problem. There is some reluctance to get into it and discuss it. However, this is an excellent time to do so and we have therefore been talking about it at the same time.

Mr. Morin-Strom: Why do you look on that as being tied to the free trade issue? There is a very good chance the whole free trade thing is going to collapse and that no agreement will come about in any case.

Mr. Taylor: That is wishful thinking.

Mr. Morin-Strom: Why do you not establish a separate forum in Canada to address this issue, one that is completely separate from the bilateral discussions? In that way, the provinces would get together to discuss interprovincial trade barriers regardless of what happens with respect to the success or failure of the bilateral negotiations with the US.

Hon. Mr. O'Neil: There are all the meetings we have been having among the first ministers, trade ministers, economic ministers and our officials. It is a problem that has been around for a long time, as Mr. Taylor said. We see it as an excellent opportunity. It is a two-track thing; we want to solve our problems here in Canada and deal with the issue of free or freer trade with the United States.

Mr. Taylor: You can blame a foreign government instead of your own.

Mr. Chairman: Can we get back to the response to Mr. Barlow? Otherwise, we will not do justice to either critic.

Hon. Mr. O'Neil: Regarding the trade directions, Mr. Barlow also asked about Mr. Latimer and to whom he reports. Mr. Latimer reports to the Premier (Mr. Peterson), but he is working in our ministry. I suppose it is the tie-in between trade and the two portfolios the Premier holds. The Premier is taking a leadoff situation in the trade area and has been looking after it quite a bit.

Mr. Barlow: It is a strange position for him to hold an office in your complex, yet report to the Premier.

Hon. Mr. O'Neil: The Premier also holds the Intergovernmental Affairs portfolio. When we are dealing with the other provinces, especially on the bilateral and other trade issues, he has

taken the lead as the lead minister. Mr. Latimer reports directly to him.

Mr. Taylor: The rent is cheap.

Hon. Mr. O'Neil: The rent is cheap too.

You were asking about Mr. Reisman and the role of the provinces. There have been numerous meetings of the trade ministers. There are all kinds of meetings going on with the officials. You have probably noticed in the press—I noted it in my opening statement—that we are rather cautious about how fast we go ahead when we do not have all the details. Whether there will be just consultation or actual involvement by the provinces in these trade talks is under negotiation right now. Of course, we feel that we should be involved from the very beginning to the end. We feel we should have daily involvement, rather than just be advised of what is happening. I do not know whether you have any more questions related to that.

Mr. Barlow: I think that will cover it for now.
10:50 a.m.

Hon. Mr. O'Neil: Rising US protectionism is also a constant worry to us. There were some questions on softwood lumber and on computer servicemen going in; I will touch on them in a minute.

I mentioned in my opening remarks that we have to use the facilities we have with our offices in the US to show what good neighbours and trading partners we are. We have to use these officials and such things as the visit of the Premier to Washington to talk with some of the officials. I have had the opportunity to speak with some of the other trade officials at general meetings we have had in the past and we will be having more in the future.

One of the first things I had to deal with when I came in was the steel business and protectionism. The point was made to me that although the US objected to us exporting so much steel, when you looked at it, for every dollar we got for the steel, it made \$1.25 because approximately \$1.25 came from such things as sales of finished products back to Canada. Lobbying in areas such as that to let the US know exactly what we are doing, not only in the steel industry but also in other industries, helps our cause of stopping some of the bills that are going on.

Another question was on computer servicemen. When equipment, some of it high-tech, is sold to the United States, servicemen are not allowed to go to the United States to service it. I have some of the background on this. There have been several appeals. After several unsuccessful

appeals, on November 25, 1985, the US Department of Justice, along with the US union, agreed to the terms of an interim staying order and filed a joint motion with the United States Court of Appeals.

The Court of Appeals ruled favourably on the joint motion and granted an interim staying order on the California court order. Thus, the more pernicious effects of that original California court ruling have been reversed, in that entry of Canadian service personnel for after-sales service work, guaranteed under the sales contract for a maximum period of one year after the sale, will again be granted under the entry classification. That matter has been dealt with and our service people will be allowed to go in for one year—

Mr. Barlow: After the sale?

Hon. Mr. O'Neil: Yes. Is that correct, Mr. Allanson? Is that your understanding?

Mr. Allanson: Yes.

Mr. Barlow: Is that a temporary staying order or has it come to a conclusion?

Hon. Mr. O'Neil: Through the lobbying that has been done by our ministry, the federal government and the provincial government, we hope it is a staying order and that it goes on into the future. We have to keep a close watch on it, but it has been solved for the time being.

There was also a question about softwood lumber. I have some information on the things the Ministry of Industry, Trade and Technology has done. I will quickly read them off so you are aware of them.

Since June 1985, MITT and the Ministry of Natural Resources have been working closely with the federal government and industry coalitions, (1) to discourage congressional action, and (2) to ensure a commitment by the US administration to block these protectionist bills. This tripartite effort of the federal and provincial governments and industry has had a positive effect to date. The Gibbons bill was passed in subcommittee by a narrow margin of only 5 to 4. President Reagan has committed his administration not to support these protectionist bills.

The Senate bills have been held up, partly due to administration pressure to hold off action pending a full administration review of Canadian practices and Canada-US talks. Preparation for Canada-US talks began January 20 and will be followed up by meetings at the end of February with full provincial input from our province. The objective of the meetings is to provide a full exchange of information and explanation of the

Canadian stumpage pricing system, to correct perceptions that provincial practices involve unfair subsidies. That is where it stands now. There will be additional meetings, but the original bill has been held up.

The other question you had was on the closing of the Philadelphia office. As you mentioned, a few people have been upset about the closing of that office. Several of these objections have come from you, and Mr. Miller raised it at the time.

We were looking at other markets throughout the world, whether it was the Middle East, the Far East or South America. When we reviewed it prior to the statement coming out in the fall, we looked at this. While there were good returns in most of the three offices in Brussels, Philadelphia and San Francisco, we felt we would have a look at the situation and look at what could be saved and at where other markets were that would be better than where we were.

As I mentioned, several people were upset with the closings. It is not a new thing. You were asking about other markets too. We are looking at opening up a trade office in Korea and possibly another one in Japan. There is the new agreement with China. We hope that office will be opened this fall or some time in 1987.

We have tried to take people from the offices we closed and put them in others that are close. In the case of Brussels, some of the staff were transferred to Paris. In the case of the Philadelphia office, some of the staff were put in the New York and Boston offices. I think one of the gentlemen in San Francisco was brought back to Ontario and other staff connections are still being looked after out of the Los Angeles office. I do not know whether that answers your question.

Mr. Taylor: It answers the question but it does not satisfy my concern.

Hon. Mr. O'Neil: I know that. Some time in the future, if more money is allotted, we might look at those two locations again. We feel we are going to be able to look after them adequately from the other offices. You are probably aware that, in the past, many offices have been opened that did not show the return they should have, and they were closed, or the emphasis was placed and the money spent somewhere else.

Mr. Taylor: Was the Philadelphia office not producing? Are you saying that on a cost-benefit basis it did not pan out?

Hon. Mr. O'Neil: We got a fair return out of it, but we thought some of the other locations where we could open would give us a bigger return. We also thought we could look after much

of the business from the New York or Boston offices. We have gone back over that. Several offices that were opened over the past number of years were closed and the emphasis put on other places.

Mr. Taylor: Some concern was expressed at the political level in that state, as I read the correspondence. I was thinking of the rapport that will be so vital with the trade talks that will commence. You may need to reinforce your communication links as much as possible. Why would you close that office now, when you are talking about very little money? I think the figure was \$238,000 or some such. It was not much.

Mr. Allanson: In assessing the political response from Pennsylvania, you have to remember it sells more to Ontario than we sell to it. For example, people there are very concerned about a reduction in our imports of coal by Ontario Hydro. They have been very anxious to build a relationship between the province and the state. We will continue to cover that very effectively. Prior to two years ago, it was covered from New York. Even during the past two years it was only a satellite of New York. It had only one Ontario person and one American officer, so it was a satellite. We will be able to serve that market from New York just about as effectively.

11 a.m.

Mr. Taylor: So it was a different judgement and that was the result.

Mr. Mancini: I think it may have been the same judgement that was used when they closed the office in Milan, Italy, a few years ago.

Mr. Taylor: Yet they transferred more people to Paris. I do not know on a cost basis how productive that is.

Hon. Mr. O'Neil: I believe the Premier wrote to Mr. Miller when he raised the matter in the House. It is something we will look at carefully and assess on a continuing basis. There is also a record of the previous government opening and closing offices in the past. I think it was trying to figure out where the best return was. In some of those cases, the office was even reopened a year or two later. We will assess that carefully. I recognize the concerns some of the members have raised.

Mr. Taylor: I accept that you are concerned. I can accept that is the advice you get, presumably from your staff. I guess it is a business decision that has to be made.

Mr. Barlow: Is the San Francisco office closed now?

Hon. Mr. O'Neil: Yes, it is.

The Vice-Chairman: How does the committee want to proceed? Do you want to have questions on each statement the minister makes in response to the opening statements?

Mr. Barlow: Because of the time, we are not going to be able to deal with anything other than the response to the opening statements, so perhaps supplementaries might be appropriate.

Hon. Mr. O'Neil: I am open to any questions.

Mr. Barlow: I do not see how we are going to have a chance to deal with it item by item.

Mr. D. W. Smith: Perhaps I could ask a question.

The Vice-Chairman: Hold on. Is there a consensus that after each answer we will have brief supplementary questions on each statement the minister makes in reply to the statements?

Mr. Taylor: There are some issues the New Democrats have raised on the same subject. Are you going to deal with Mr. Barlow and then with Mr. Morin-Strom?

The Vice-Chairman: I suggest we go for 45 minutes with the minister's response to Mr. Barlow's statement.

Mr. Taylor: I wonder whether you should divide the time that way or whether you are going to cover the same subject matter in both statements.

Hon. Mr. O'Neil: I take it many of the questions that have been asked by both critics cover similar areas, such as Philadelphia. Possibly we can go through the whole issues and see if there are any we have missed.

The Vice-Chairman: We will reassess the situation at 12 o'clock and see what happens. We will stay with our statement.

Hon. Mr. O'Neil: Regarding the trade offices in the Pacific Rim, as I mentioned, we hope to open up another office in Japan and one in Korea, which is quite an active market at the present time. I also mentioned China, which has been brought up by both critics. We hope that office will be opened some time towards the end of this year or early in 1987. The schedule at the present time is for it to open in September 1986.

Dollar value growth in trade: Mr. Allanson, would you like to touch on that?

Mr. Allanson: The question had to do with the proportion of trade from the various areas. Speaking of Ontario and not Canada, over the past five years, Ontario's exports to the United States have more than doubled. Last year, it accounted for more than 90 per cent of our

exports. Our exports to western Europe during the past five years have dropped by about 30 per cent. Our exports to the Pacific Rim over that same period have increased by about 30 per cent. Like Canada, Ontario is fast approaching the day when the Pacific Rim, and not western Europe, will be the second-largest market. Now it is neck and neck between western Europe and the Pacific Rim, but with the Pacific Rim forging ahead and Europe gradually declining.

Mr. Taylor: For clarification, what is it in dollar terms? Percentages do not mean much. You are talking about a small total volume of trade.

Mr. Allanson: Yes. In 1984, our exports to the whole world were C\$55.2 billion. Our exports to the United States were \$49.6 billion. Our exports to the Pacific Rim were about \$1.3 billion.

Mr. Taylor: That includes the 30 per cent increase?

Mr. Allanson: Yes, it does. Our exports to western Europe were \$2.4 billion compared to \$3.1 billion in 1980. The growth in our exports to the United States alone in 1984 was more than our total exports to the rest of the world.

Mr. D. W. Smith: Were these multinational companies or Canadian companies?

Mr. Allanson: About half of Ontario's exports are automotive, so those companies obviously are US-based. About two thirds of our export trade is managed trade, that is, trade between companies where there is joint ownership, to the United States or elsewhere. So you might say only about one third of Ontario's trade can be influenced significantly by assistance from this ministry. Advocacy, of course, is a different matter.

Mr. D. W. Smith: When you talk about the Far East and fair competition or fair trade—I am thinking of the Hyundai plant. This may be a federal concern, but I want to bring it in here. I want to know whether Hyundai is financed by our huge automotive companies or by the Korean government? If it is financed by the Korean government, did it get their funds or backing from the International Monetary Fund? I understand they bring their cars into Canada duty-free.

I do not know if I am saying this correctly. I guess I am asking for an explanation. To me, we have to be very careful how we deal with the Far East. If they are getting a benefit in the first place, I use the International Monetary Fund and I think I know where a lot of its funds come from, this is pretty tough competition. I would like to

know who is behind the Hyundai plant. Is it the big automotive companies or the government of Korea?

Hon. Mr. O'Neil: I will let the deputy handle that because he is familiar with the auto sector.

Mr. Lavelle: There are two aspects to the answer with respect to Pony or Hyundai imports. First, because the cars are produced in a developing country, under the general preferential tariff they enter Canada duty-free. That has been the most significant advantage they have had. That is a convention that Canada signed in 1974 which still exists to this day.

Some action with respect to the import of these cars and parts from Korea was taken in the federal budget of last May. Now a six per cent duty is applicable on parts, and the cars will bear a duty as of January 1, 1987. So some action has been taken, but it has not been sufficient to deter sales.

Secondly, the company itself is a private sector company, a very large multinational company in Korea. It is difficult to tell exactly what role the government plays in the company, but the market in Korea is totally protected. Virtually no imported vehicles or parts are sold in that country at the present time.

Mr. D. W. Smith: Therefore, that is pretty tough competition. When you start opening up borders and talking about free trade, I believe the United States has protected its industries the way a mother protects her baby. Like Mr. Morin-Strom, I do not know whether free trade will get off the ground—

Mr. Taylor: Careful.

Mr. D. W. Smith: I am trying to be careful, Mr. Taylor. The United States protects. If it were allowed to have free trade with Canada, back and forth just as free as is the perception, it would take over Canada by default in a matter of a few years. That is the way I see it. I am trying to draw out some of these things, but maybe we cannot draw them out in five hours. Anyway, you have answered part of my question.

Mr. Taylor: My question relates to the financial and other assistance Ontario and/or Canada has given to the Hyundai operation or proposed plant, as well as the Toyota plant. I am interested in the type and degree of enticement, financial and otherwise.

Hon. Mr. O'Neil: Mr. Taylor, could we possibly touch on the industry side of this after we try to cover the trade issues?

11:10 a.m.

Mr. Taylor: I do not mind. It is just that I thought it touched on the comment on Hyundai, the preferential position with regard to tariff-free imports, and now the other.

Mr. Lavelle: When these companies begin to negotiate with the federal government, a number of areas are involved of which we are not informed and the public is not advised. For instance, besides the tariff concessions, there are other concessions the federal government may offer with respect to the importation of kits or other parts of the car in order to start the process of assembly. There are arrangements under the tariff law with which we are not familiar.

Secondly, the actual contribution made by the federal government was in the neighbourhood of \$100 million. You will remember, however, that there was a fair degree of controversy at the time as to just exactly what kinds of commitments were given by the company to the federal government. We are no more knowledgeable about that kind of an arrangement now than we were when it was announced during the Quebec election campaign. That kind of arrangement has not been made public.

The issue of commitments by the company relative to Canadian content, or other applications of Canadian value-added, has not been explained in any detail, either.

Mr. Taylor: Would the same reply be appropriate to the Toyota plant?

Mr. Lavelle: No. The situation with Toyota is quite different. The federal government provided certain tariff concessions. Again, the arrangements between the company and the federal government are commercially private and not made public. The arrangements they make with the company in bringing in kits to get their startup production under way is something they negotiate with the federal government.

The Ontario participation in the Toyota plant is public knowledge and has been on the record since the announcement was made.

Mr. Taylor: I knew you would be interested in how much per job it would be costing the taxpayers to get that industry here.

Hon. Mr. O'Neil: I guess we are going to stay in that area for a couple of minutes. There was a question about Canadian value-added, and I think you have touched on that. There were also a few things on the auto companies.

You asked some questions about the fact that there was no assistant deputy minister for technology. An assistant deputy has now been hired. His name is Mr. David Redgrave. He was

an ADM with the Ministry of Natural Resources—

Mr. Taylor: And Treasury, too?

Hon. Mr. O'Neil: Treasury too.

Mr. Taylor: And Environment.

Hon. Mr. O'Neil: We are quite happy he is coming in. Mind you, we have some excellent staff in that section of the ministry, but they have been working without an assistant deputy minister for a few months now.

I would almost say we are very upset to lose Peter Barnes, who was the assistant deputy. He did an excellent job. He is now with the Minister of Community and Social Services (Mr. Sweeney) as Deputy Minister of Community and Social Services. It was a promotion for him. Although we would have liked to have kept him, it was good for his career that he did go ahead.

Mr. Taylor: In one sense, but what a ministry.

Hon. Mr. O'Neil: Also, you touched on the hydrogen fuel project. Again, that comes under the Ministry of Energy. I have had nothing to do with that. If you would like us to get some information on the questions you asked, we would be very pleased to assist you.

Mr. Barlow: I would appreciate that. It is technology, and that is a very important part of your ministry.

Hon. Mr. O'Neil: We will make a note to follow that up for you and get back to you on it.

There was a question about why Mr. Lavelle was appointed. Even a couple of his answers have shown that he is doing an excellent job, and we are pleased to have him with us. Mr. George MacDonell, as I mentioned in my opening speech, is now the president of the Ontario International Corp. He is a very capable and good person. We are pleased that he is the head of the OIC, because it is an important part of our ministry.

Mr. Taylor: You mentioned reporting to the Premier, as well as a new direction. I am interested in that new direction.

Hon. Mr. O'Neil: Yes, I have that too. At present there are interministerial committees that are working to come up with an industrial strategy, if we were to refer to it as an industrial strategy, and an interprovincial group of ministers. We hope we will have quite a bit to say about those new directions when the speech from the throne and the budget come out this spring.

Mr. Barlow: Are you saying Mr. MacDonell reports to you or to the Premier?

Hon. Mr. O'Neil: He reports to me.

Mr. Barlow: It is straight to you.

Hon. Mr. O'Neil: Yes, and then to the Premier, but he reports to me under the Ontario International Corp. As Mr. Taylor and the other members would know, the OIC is an important part of the ministry. It is doing a lot of great work and we are very pleased with some of the projects it has received for such people as the engineers, architects and construction people in this province and also the contracts it has signed from the educational side. It has done an excellent job in the past and is continuing to do that.

Mr. Taylor: It is not just a new direction then, it is a new function if he is involved in the development of industrial strategy.

Hon. Mr. O'Neil: I speak of an industrial strategy as an overall strategy right across the whole area of our ministry and other ministries also. OIC will be involved in that, though maybe not as much as some, such as the industry or trade divisions or the other ministries.

Mr. Barlow: It is kind of a policy secretariat that is being assembled.

Hon. Mr. O'Neil: In a way, I guess you could refer to it as that.

We also mentioned small business. I would like to thank Mr. Barlow for his kind comments because I also feel it is an important part of the ministry and we have some excellent people working there.

I was asked about the cost of the booklet, which is \$1.25. It is given away free to people and not only it but also the hotline calls you have mentioned have been excellent services. We are receiving a number of comments not only from the general public but also from MPPs of all parties. They are making use of that hotline and referring people to it. That booklet has to be one of the best-moving books of all. As I say, I have them in my office and the constituency office. I know the other members do also.

Mr. Sterling: When was the last time that was updated?

Interjection: Six months ago.

Mr. Barlow: I notice the copy I have here has a sticker on the back over the name of the previous minister, Andrew S. Brandt. It has not been updated for a while; at least that cover has not been, anyway.

Hon. Mr. O'Neil: It is approximately six months and I apologize for the sticker.

Mr. Taylor: The ink does not rub out very well, I know.

Hon. Mr. O'Neil: Both critics have mentioned industry and an industrial strategy. I think I touched on that. Right now different ministries in the government are co-ordinating what we hope will be a new direction that will be taken by the government as far as an industrial strategy goes. As I say, all ministers and their staff have been asked to forward suggestions and papers into the Premier's office to see what that direction will be.

Mr. Barlow, is there anything else?

Mr. Barlow: No.

Hon. Mr. O'Neil: You mentioned skills development shortages.

Mr. Barlow: Yes, that is right.

Hon. Mr. O'Neil: Of course, it may come under the Minister of Skills Development (Mr. Sorbara) but I feel it is also very important to what our ministry is doing. We find, as you did, that we do not have as many skilled people as we would like in this province. There is still the odd time when employers have to go out of the country to hire people. It is a problem you addressed as a government. We are also trying to address it to make sure we have the proper training of employees or new people coming on, the youth, to make sure they have those skills and can be hired in the factories or wherever it may be.

11:20 a.m.

Mr. Taylor: There were two other points Mr. Barlow raised last evening that have not been addressed. There were more than that, but as I recollect, and he can carry on, they were the points of first contracts and equal pay for work of equal value, with respect to the impact of this proposed legislation on small business and the role of the ministry in terms of being an advocate for small business and at the same time being supportive of legislation which might harm small business. Now, I am paraphrasing—

Hon. Mr. O'Neil: There is also the liability insurance, which you have not dealt with yet.

Mr. Barlow: Yes. The points Mr. Taylor mentions are ones I would appreciate a response on. It is no secret that business is perceiving this government to be antibusiness. I want to—

Mr. Taylor: If you believe what you read in the papers.

Mr. Barlow: That is right. That is the only place I get my information.

Mr. Sterling: Maybe I could illustrate that through a constituent who came to me a week and a half ago—

The Vice-Chairman: Excuse me for a second, Mr. Sterling. We probably do not have time for the anecdotes because we only have an hour left and the questions were asked last night. We could probably have the answers. Why do we not see about a supplementary maybe if we do not—

Mr. Sterling: It will take me about two minutes to—

The Vice-Chairman: I would rather not. I think I would rather have the minister answer the question he was asked last night and we can have it—

Mr. Sterling: It illustrates exactly the—

The Vice-Chairman: We do not need that, Mr. Sterling. I would like to have the minister answer.

Mr. Sterling: I think it does answer, because I think there are specific legislative proposals that this particular constituent was concerned about and represent—

The Vice-Chairman: Mr. Sterling, the questions were asked last night and the minister has the answer. Then I would allow anybody on the committee to ask a supplementary if you do not feel the minister's answer was sufficient. Why do we not hear what the minister has to say in response and then open the floor?

Hon. Mr. O'Neil: We are supposed to be there to look after the needs of business, whether small or large business. As you know from having been with the ministry as the parliamentary assistant to the minister for a number of years, whenever anything like this comes up for discussion, we are asked for feedback to cabinet.

We do act as an advocate for business, again as I say, whether it is small or large. Sometimes our suggestions are not taken. Whenever we are asked for input we get together the best case we can on any of these subjects, two or three of which you have mentioned, and send it in. Sometimes part of it or all of it is accepted; sometimes none of it is accepted, depending on the subject and the content level. I wish I could add more to that, but that is generally the way things work in the process.

Mr. Sterling: Our problem is to convince business to stay in Ontario, with the legislation on equal pay and the government's indication that it is going to go further on that with first-contract legislation, the widening of compensation laws and the Family Law Reform Act. Those things may be great with respect to selling one part of the community on them, but how do you sell a businessman who says: "I have a firm of 250 people involved in a high-tech business in

Ottawa. I want to expand but we are not going to expand in Ontario because of these laws." What do I say to them?

Mr. Mancini: Some of your other colleagues were saying different. Every day we hear questions in the House from the member for St. George (Ms. Fish) and some of your other colleagues which seem to suggest that some of our ministers who are interested in these issues are not going far enough. I am not sure exactly where you are coming from.

Interjections.

Mr. Mancini: I know the constituency he represents, but you guys seem to be all over the map on this.

Mr. Sterling: If you would listen to my question. I said that on each of the individual issues, there may be very—

Mr. Mancini: I understood your question, but in the House this very day, Ms. Fish was after the Attorney General (Mr. Scott) about—

Mr. Sterling: I said that in each individual case there may be good and valid reasons for pulling one way or the other, but add these all together and you get into a very difficult position with respect to convincing business to establish and expand in Ontario. That is a problem. I do not know how to sell it.

Hon. Mr. O'Neil: I know there have definitely been concerns raised. As Mr. Taylor knows, we meet with the Canadian Manufacturers' Association, the chamber of commerce, small business people and other business people who are maybe in larger industrial concerns.

As I say and as Mr. Mancini has mentioned, there are also members in all parties who are very concerned that some of the things being brought in by the government will assist a lot of people and help them where they have not had the help they should have had beforehand.

It is trying to balance things out to be fair to both sides. We feel this legislation that is being brought in will serve a purpose in helping a lot of people in the province who have not had the help they should have had before. We are trying to balance it between the two.

Mr. Chairman: Are you still responding to Mr. Barlow?

Hon. Mr. O'Neil: Yes. One other subject that was raised was liability insurance. As has been mentioned, it has posed problems not only for people in the general public who are trying to get liability insurance but also for people in the export business who are trying to get the proper insurance.

Mr. Barlow: I highlighted that in my remarks.

Hon. Mr. O'Neil: Yes, you did. We have been trying to work on our own and with the task force Mr. Kwinter has looking into the insurance industry. We have had an input in that, and we will continue to have it. On Monday, we are having several groups come in, including the Canadian Manufacturers' Association.

Mr. Lavelle: Also the Canadian Export Association and the Canadian Federation of Independent Business

Hon. Mr. O'Neil: People from those groups will be coming in next Monday. We will be sitting down with them to find out where the problems are, how we can best solve them through meeting with them and any suggestions they may make to us.

We have had calls and meetings with other people who said they could not get liability insurance and who have asked for our help. We try to connect them with someone in the insurance business who will be able to assist them in placing that insurance. The only problem is that the cost of that insurance may be quite high; it is sometimes double what they were paying before.

With our meeting on Monday and with meetings we have had in the past and will continue to have with Mr. Kwinter's task force, I hope we will be able to put something together that will assist these people.

Mr. D. W. Smith: Is there any correlation between—

Mr. Chairman: I am sorry, have you finished responding to Mr. Barlow? I am worried that we are not going to get through the responses to the critics.

Mr. Barlow: In your absence, we agreed we would not get in too many votes; so it might be an appropriate time for a supplementary.

Mr. Chairman: Okay; but have you responded to the critic from the other party?

Hon. Mr. O'Neil: Quite a few of the subjects I have touched on responded to his questions as well. There will be some others which we will go to as soon as we are finished.

Mr. D. W. Smith: I want to know whether there is any correlation between the very large banks. It just so happens that the people who are running those seem to control a lot of the large insurance companies.

The ratio of bank loans to assets is very high. I am wondering whether there is some manipulation in there to put the squeeze on very small insurers. For example, last year it was brought

out that Lloyd's of London, which may be the largest reinsurer in the world, had problems of its own; it even had a fraud within its system.

I was wondering whether there was some tie between these two where they are saying: "No, we will not reinsure any of those small companies any more." That puts a tremendous pressure on the little individual.

As much as everyone says we have to help small business, it seems the multinationals are doing everything against what the government is trying to do to help the little insurance company or the little individual. I was wondering whether there was any correlation there. I should not use some of those words, but I am trying to draw this out. I wonder whether you can look into that or check that out.

Hon. Mr. O'Neil: We have no evidence of collaboration going on. The real cause is the number of claims that have been made such as by doctors, lawyers, people exporting or people in the insurance or real estate business. There have been numerous claims the insurance companies have had to either defend or pay out.

Mr. Morin-Strom: Liability claims?

Hon. Mr. O'Neil: In the United States.

Mr. Morin-Strom: Not in Canada, though.

Hon. Mr. O'Neil: Yes. There are also claims in Canada, but they are nowhere near as high as those in the US.

11:30 a.m.

Mr. Morin-Strom: I have not seen any evidence that would indicate significant dollar totals of insurance payments out of Canada, except for perhaps one or two exceptions.

Hon. Mr. O'Neil: As I mentioned, I think there was one exception to that just a couple of weeks ago where a sum was paid to a child in a claim. You are right.

Mr. Morin-Strom: Yes, but that one is insignificant compared to the total amount of premiums that are collected. My perception is that the international industry is trying to pay off the huge claims from incidents like Bhopal and the Johns-Manville asbestosis case in the United States.

Mr. D. W. Smith: And Air-India.

Mr. Morin-Strom: That is where the serious claims are facing the insurance industry. They are collecting money from anywhere they can get it.

Hon. Mr. O'Neil: You would be surprised, even with some of the smaller claims you refer to—claims of \$25,000, \$50,000 or \$100,000—

because they start to mount up. We have had several people come to us. Again, they may not be \$5 million, \$10 million or \$15 million, but they are quite high, and there are problems there. The whole area has to be reassessed.

Mr. D. W. Smith: Let me give you one example. Constituents came to me last week. They are small oil-drillers, two people working together. Their premium last year was \$300. This year they were asked to pay a premium of \$50,000 with a \$100,000 deductible. That is what I am saying; they are squeezing the little guy right down to where he is strangled. To me, that is not justice.

Hon. Mr. O'Neil: It will be very interesting to see what comes out of this task force with the questions you and the other members have asked, to see where the large amounts are being paid out and to whom. I will be interested to see what comes out of that task force.

Mr. Barlow: Okay.

Hon. Mr. O'Neil: On technology centres, I can give you some of the results. We had 485 signed contracts, for a value of \$6,166,167. We provided 1,025 technical services. We put out 17 newsletters and had media coverage of 166 events. We had 33 trade shows and 133 awareness seminars. Those are some of the figures you have asked about. If you would like more details or results in that area, Mr. Barlow, I can get them for you.

Mr. Taylor: I gather they are doing a good job. It is a very important element of the ministry's program.

Hon. Mr. O'Neil: Yes, they are, Mr. Taylor. I think you know that from having been with them for a short while. We are very proud of every division of the ministry, not only industry and trade but the technology branch as well. The people working there are very skilled and dedicated. It is our hope, with direction from the new assistant deputy minister and the help of the staff, that even greater things will come out of that area.

Do you have anything else, Mr. Barlow? We have covered trade and industry as well as technology centres and insurance.

Mr. Barlow: Yes, there is the innovation centre in Kitchener. I wondered whether you had omitted my name in error as part of that announcement. We are all subject to mistakes.

Hon. Mr. O'Neil: Yes, I know. We used to find problems with that before when our names did not appear. I will tell you what I have tried to do, in fairness.

When an announcement is being made, it will come out. Rather than sending that announcement to you five, 10 or 15 days later, or two or three weeks later, I try to make sure the announcement comes to the member, no matter what party he or she represents, on the day it is being announced.

Mr. Barlow: Yes, I noticed that. It is true that I got it the same day.

Hon. Mr. O'Neil: It may not be as fair. I used to raise—

Mr. Barlow: I seem to recall you raised similar questions in estimates.

Hon. Mr. O'Neil: I think you will notice, as you have just said, that when I make an announcement it will be delivered to you or mailed to you the same day. You usually get it right away.

Mr. Barlow: That innovation centre was a community effort. All of the three large municipalities in the Waterloo region were involved in that, with the industrial commissioners and other citizens' groups as well.

Mr. Taylor: And the local member.

Mr. Barlow: Of course, and the local member. I just wanted to raise that particular point.

Hon. Mr. O'Neil: I know the interest the local member has in the centre in his area. It is very good that he and many members of all parties are as interested in these tech centres and the whole works.

Mr. Barlow: The only other area I would like some brief comment on is whether the small business development corporations and/or the development corporations would be expanded to take in service industries such as construction, restaurants, etc.

Hon. Mr. O'Neil: It is a matter that is very important and one I hope we will be dealing with, in addition to what is there now. We have HELP, the help for entrepreneurs loan program, which I remember we discussed in the estimates last year. We have widened the scope on that a bit so they can get smaller amounts, anywhere from \$25,000 to \$50,000, or something like that. They can get it in so many days without having to wait for something to be processed.

The area you mentioned, the service industries and some of these smaller businesses, is a very important one. I would love to see something in that area from Treasury and in a speech from the throne. I do not know whether anyone else has anything to add to that.

Mr. Lavelle: It is under review at present.

Mr. Taylor: There may be a question of judgement too in this. Under the Eastern Ontario Development Corp., you are pretty well confined to industrial operations. There is an element of commercialism in it; there may be assembly, and a percentage of it may be defined for federal purposes as manufacturing and for your purposes as a commercial service operation.

You may want to look at that. It touches on an area of opportunity where much more assistance could be given, certainly in eastern Ontario, which needs a shot in the arm. Very few programs have had any application apart from EODC with its fairly tight parameters.

Hon. Mr. O'Neil: We would likely see that in the constituency offices, in cases where people would like to go into business and have a certain amount of money but need additional help. Maybe the bank will not give it to them. Maybe they do not have enough collateral.

As Mr. Taylor and Mr. Barlow say, it is an excellent area. I would like to see an expansion of the Eastern Ontario Development Corp., the Northern Ontario Development Corp. and even the Ontario Development Corp., so they would start to cover a little more and help people in areas other than light or heavy manufacturing.

It is something that the staff and I have expressed to Treasury and to the Premier. We hope we will see additional help for people in those areas.

Mr. Barlow: What brought it to mind was that just this past Saturday I went under the golden arches for a hamburger and met a local contractor, a heavy-equipment operator, there. He said that sort of assistance is not available. The kind of equipment he buys is every bit as expensive as production machinery in a manufacturing plant.

I have one brief comment before we move on to Mr. Morin-Strom's concerns. I should have mentioned last night that while we were discussing Toyota, an open house was being held in Cambridge by officials from the Toyota plant, explaining to the citizens of Cambridge what they were going to be doing, when they were going to set up and so forth. It was appropriate that we should be discussing Toyota here at the same time as it was being discussed where they are actually going to locate.

I would again like to commend you and your officials, David Girvin and others, who were involved in that final decision.

Hon. Mr. O'Neil: Thank you very much. The Toyota people met with us this morning in our office. They mentioned they had been there last

night and the fine do the city of Cambridge had for them. They were very pleased.

Mr. Sterling: May I ask one question on the EODC? What is your policy on the announcement of EODC grants? Is it your function as a minister to announce those, or are members of your caucus announcing them?

Hon. Mr. O'Neil: I am announcing them. Usually what happens—and again it may not be suitable and there are objections to it—if it is being announced in a riding, my name will go on it and some of the names of the members.

Mr. Sterling: In my riding, for instance, Gilles Morin—

Mr. Taylor: Be careful now.

Hon. Mr. O'Neil: I know; I have to be.

Mr. Sterling: Gilles Morin announced on your behalf a grant to a firm in my riding. I do not believe he is your parliamentary assistant or secretary.

11:40 a.m.

Hon. Mr. O'Neil: As I say, usually it goes out with the name of the minister and the member for the area on it. As you know in the past, whenever an announcement was made by the minister, we would get it maybe one, two or three weeks later; it was public notice then.

Mr. Mancini: Sometimes we never got it.

Hon. Mr. O'Neil: To be somewhat fairer, I have tried to make sure opposition members get a copy of the announcement the day the announcement is made.

Mr. Taylor: Along with the newspaper clipping—

Hon. Mr. O'Neil: No. It is surprising to see how many opposition members have made an announcement at the same time we have. The press may not have picked it up from me. Opposition members may get in there first; they are making announcements from their ridings.

Mr. Taylor: The race is to the swift.

Mr. Sterling: Does that mean Mr. Morin-Strom will no longer be making announcements in my riding?

Hon. Mr. O'Neil: No, I cannot say that. If he made an announcement in your riding, what should have happened was that I should have made the announcement with his name on it. That is the process we are trying to follow. If he got it beforehand, I will check it out.

Mr. Sterling: The only thing in the budget that was of advantage to eastern Ontario that I can see from your aspect was the small business

development corporations. I congratulate the government on making what I think were rather minor amendments. Can you provide me with the takeup on SBDCs for the period from June 26 until now, as well as to the end of March, and for past year and the year before?

Hon. Mr. O'Neil: We will make an effort. You bring up a good point that has been mentioned by all members. We look at two areas: eastern Ontario and the north. What are we going to be able to do to help the small and large business people, the manufacturer and construction worker, to provide jobs in businesses and new companies in these two areas?

We are interested in the rest of the province too, but we have to zero in on those two areas to try to help the people. Your suggestion about funding, and yours, Mr. Taylor, about trying to get some money to smaller businesses, are very important.

I spoke in my speech about the importance of small businesses and the number of jobs they create. I do not mean to imply that we are not interested in larger firms to see that they also expanded the number of jobs they provide, but the majority of jobs and wealth is created through small business. That is something I think the speech from the throne will address and the Treasurer will have in his budget.

Mr. Taylor: You know better than I on this, but if it is federal, there are criteria. If it is more than 30 per cent assembly, they define it as manufacturing for sales tax purposes. When that same company deals with the Eastern Ontario Development Corp., it is not looked at as a manufacturing operation. They say, "I am sorry, we do not have any program that permits you to enter." Yet when you look at the range of business and at the object of the exercise, which is to generate economic opportunity and jobs, maybe we are losing a big opportunity to definition.

I ask you to reassess and implement, in so far as you can, more flexibility in assisting legitimate, good, long-standing businesses that want to expand into other areas of eastern Ontario, of which I now have an example, or new businesses that want to set up.

Hon. Mr. O'Neil: I appreciate that suggestion. It is something we are looking at and will continue to look at to see whether we can do something to assist.

Mr. Sterling: Does the deputy minister know whether the takeup on SBDCs has been greater or less?

Mr. Lavelle: I do not know off the top of my head, but Peter Friedman would.

Mr. Friedman: Greater.

Hon. Mr. O'Neil: I wonder if you could come up, because there may be some other questions on small business.

Mr. Sterling: They can provide the answer on paper. I do not want to take up that much time.

Hon. Mr. O'Neil: As was stated, it is greater in the takeup. We will get those figures for you.

Going to comments from the New Democratic Party, attention to northeastern Ontario was one thing mentioned. Is there anything more you would like me to touch on or do you think that is covered?

Mr. Morin-Strom: Can you address the issue of why the funding of the Northern Ontario Development Corp. and the Eastern Ontario Development Corp. dropped, while the funding for the Ontario Development Corp. was increased in these estimates?

Hon. Mr. O'Neil: I will let the deputy minister answer that.

Mr. Lavelle: Somebody else will be able to give a more detailed figure, but as I understand it, the figure in the estimates for the current year has already been surpassed in terms of spending under those programs.

The other aspect of the northern Ontario situation is that in the budget, \$100 million was allocated to northern development under the northern Ontario regional economic development program. There has not been a net reduction of funds; they have been increased.

Mr. Morin-Strom: Are you funding the northern Ontario regional development program, Nordev, by reducing the NODC and the EODC by \$1.35 million in order to generate a good portion of the yearly \$10-million increase they promised the Nordev program?

Mr. Lavelle: No.

Mr. Morin-Strom: For next year's estimates, are you going to get the allocations for the NODC and the EODC back to that level or higher than the level of the previous year, which was \$7.1 million, I believe?

Hon. Mr. O'Neil: I do not know whether all members know David Girvin who is the assistant deputy minister for industry. David, will you comment on that?

Mr. Girvin: As the member for Sault Ste. Marie (Mr. Morin-Strom) mentioned last night, they are estimates and they are set in January or February of the previous fiscal year. Therefore,

as far as the printed estimates go, you are looking at a time frame of January 1985 and they are estimates.

As of the nine-month period for this fiscal year, the actual commitment levels and disbursements have exceeded those estimates. They will be back at those particular levels of the estimates that were made.

Hon. Mr. O'Neil: Therefore, they will be higher.

Mr. Girvin: Absolutely. They have already committed in nine months the figures you see printed for 12 months.

Mr. Morin-Strom: Do you mean the \$5.8 million?

Mr. Girvin: Yes.

Hon. Mr. O'Neil: This brings up another good point. When you look at what the ODC has put out and then look at the EODC and the NODC—you do not have the figures, but I think I touched on it in my speech—I believe there could be a bigger takeup than there is now, even though we have more for this year. The offices work very hard. We have also taken a couple of people from our Toronto office and placed one in Kingston and one in Ottawa. Is there additional help in the north, as well?

Mr. Girvin: There has been a reallocation regarding regional development emphasis in the last couple of years. The chief executive officer of the ODC and the area directors can comment more specifically or privately after the estimates.

Regarding your reference to Nordev, it was frozen for a period of time. There was a backlog and, as the deputy minister mentioned, there was a \$100-million commitment over five years. Nordev is being refunded from there. That is not a cannibalization of the actual vote in estimates of the NODC.

I believe you also asked earlier in today's estimates what the actual allocation was for the SBDC program itself. The north and the east have a compartmentalized or designated commitment of \$9 million out of the \$30 million.

Mr. Morin-Strom: Do you mean total?

Mr. Girvin: Yes. For all areas of the province, there is a general guideline of \$15 million and a new enterprise formation of \$6 million, which also applies to northern, eastern and southwestern Ontario. The breakout is \$9 million for the north and the east, and \$15 million for new enterprise, which is generic and across the board for all areas of the province, and general SBDC which goes across all areas, for a total of \$30 million.

11:50 a.m.

Mr. Sterling: Will the \$9 million be taken up?

Mr. Girvin: In the light of the question you asked about whether the drawdown would occur this year, the answer is yes. I think in both the north and the east, the range you were talking about is expected in terms of the preliminary figures.

Mr. Taylor: In looking at the briefing book of your estimates, you have a 1983-84 actual of \$8,195,000. In the 1984-85 estimates, there is \$7,391,000. Therefore, you are down by almost \$1 million. The 1985-86 estimates are \$5,936,000. This looks like a shrinkage. The funds are not being taken up and therefore the total is reduced.

Mr. Girvin: In reference to the statement of the estimates of January 1985, when these numbers were being put together, the development corporations and their staff made a calculation on the basis of the drawdowns on actuals in estimates.

Because of the interest the development corporations have in regional development, they have been extricating the business in both the north and the east. Their disbursements to date have exceeded their estimates.

Much the same as the question asked by Mr. Sterling was the issue about SBDCs in terms of what is allocated and what is drawn down. The emphasis of the Northern Ontario Development Corp. and Eastern Ontario Development Corp. has been to actually deliver the commitment and disbursement of funds. As far as estimates, the issue is one that is reasonably fluid. The name of the game is to get the development in regional-development terms.

Mr. Sterling: Could you provide us with the comparative drawdown figures over the past three years?

Mr. Girvin: On which?

Mr. Sterling: On the ODC. This is for my interest, and I am sure Mr. Morin-Strom would like that as well.

Mr. Taylor: Do you know the status of the drawdown or whether there will be one on the Sandbanks resort development?

Hon. Mr. O'Neil: There has not been a final announcement on that yet, has there?

Mr. Taylor: No, there has not. I wondered if you had any information on it?

Hon. Mr. O'Neil: Mr. Lavelle will make a note of that and I will try to get back to you. It should be announced very shortly.

Mr. Taylor: I assume that would make a sizeable dent in the drawdown, would it not? It is in the area of \$2 million. Do you know, Mr. Girvin?

Mr. Girvin: No. I could address that question to somebody within the EODC. Perhaps Mr. MacInnes can answer it.

Mr. MacInnes: It is under the Ministry of Tourism and Recreation.

Hon. Mr. O'Neil: We will get that information for you.

Mr. Morin-Strom: On the development corporations, I understand that NODC also administers funds from the northern Ontario regional development program. Does it also administer funds for the Board of Industrial Leadership and Development? There is confusion about what funds are coming from which programs.

Can we get a detailed breakdown for northern Ontario of each of these programs, what has been allocated on each of them for at least the past two fiscal years and how much drawdown there has been in each category?

As well, in the figures here there is no distinction made among grants, loans, loan guarantees, interest or payments made on loans. We do not know the breakdown; how the funds are being allocated.

Hon. Mr. O'Neil: That is a good suggestion. We will get that breakdown for you and for the other members.

Mr. Sterling: I want to know whether you are inflating the figures for this year by adding in what was formerly under BILD. Therefore, I want any BILD projects identified in the figures.

Hon. Mr. O'Neil: Okay, we will be pleased to get that for you. You also had some other comments. You mentioned the reduction in the NODC and attention to the north and the east. Lobbying on behalf of Canadian industry was another point you raised. Is there anything more you want on that?

Mr. Morin-Strom: I want to know specifically what has been done in recent months on steel.

Hon. Mr. O'Neil: Okay. Mr. Allanson, will you touch on that?

Mr. Allanson: Yes. The ministry works closely with the federal government and the steel industry, as it did on the major problem about two years ago. We are working with them again today. The federal government takes the senior position. We are supporting them with data because we are closer to the clients in Ontario.

We are working very closely as we did before. As you know, we were successful before and we hope to be so again.

Hon. Mr. O'Neil: Do we not also have a meeting coming up on that very shortly, Mr. Lavelle?

Mr. Lavelle: Yes. Another meeting has been called for early next week in which the whole issue of steel and the relationship of the protectionist factions in the United States are going to be looked at again. The government of Ontario, along with the federal government and the steel industry itself, has been deeply involved in the process. Those discussions are ongoing.

Also, the minister and the Premier will be meeting with the presidents of the three steel companies in the early part of March for yet another discussion on this matter. So the issue has been ongoing. As Mr. Allanson has said, there has been some success. The issue has to be raised continually in the United States.

Hon. Mr. O'Neil: Is there anything else?

Mr. Morin-Strom: Can you table your analysis of the forestry industry, which you mentioned in your remarks?

Hon. Mr. O'Neil: Yes. Would you like a copy of that report?

Mr. Morin-Strom: Yes.

Hon. Mr. O'Neil: We would be very pleased to send you a copy of that. Would someone make a note of that?

Were you satisfied with the answers on the free trade issue? Do you have any more questions you would like to ask on that?

Mr. Morin-Strom: We will have to wait and see how that issue progresses as time goes by.

Hon. Mr. O'Neil: You also touched on small business.

Mr. Morin-Strom: Yes, I expressed some concerns about your comment in this newsletter about large companies divesting functions and entrepreneurs taking up the slack.

Hon. Mr. O'Neil: The intention there was not meant, although I suppose it could be taken that way. The intent was to indicate the majority of jobs today are being produced by small business. The larger companies seem to be getting a little smaller, but small businesses can generate the largest number of jobs of any other area.

Mr. Morin-Strom: Are you pleased with the technology centres?

Hon. Mr. O'Neil: I have had a chance to visit four of them. In some areas, they are doing a great job. There are some areas we are reviewing

at present. They need to be reviewed because there are some changes we would like to see. In other words, they are meeting certain criteria of return-of-cost for which we charge out. However, we would like to see a slightly higher return there.

Mr. Morin-Strom: Have you done economic analysis on them, specifically with respect to new business stimulated or developed as a result of technology they have developed or encouraged?

Hon. Mr. O'Neil: There would be interministerial studies that have been done. As I read out, we would know the number of seminars they have held, the number of people they have trained and the number of businesses with which they have worked. For example, I know some businesses use the facilities at the robotics centre in Peterborough really well and have put robotics into their own plants. Yes, it is a sort of in-house study but we keep records in all those areas.

12 noon

Mr. Taylor: We are touching on the area of whether these are self-supporting in a financial sense. I will tell you in advance, I question whether they are or ever will be and whether it is necessary for them to be self-supporting when you look at the function of those centres. I invite your opinion on that. Otherwise, we are put in a position of either defending or apologizing for something when we should not be doing so.

It is important to acquaint industry with the latest technology and the need to adapt to it. That is a well-warranted public expense. I would appreciate your response about those centres, apropos of Mr. Morin-Strom's question. He did not say cost benefit, but I think he meant that.

Mr. Morin-Strom: Yes, that is what I was implying.

Hon. Mr. O'Neil: The comments you make are the basis on which they were set up. In other words, we hope to recapture certain costs but we might not be able to recapture all of the costs.

Having toured four of them and having seen the number of people who come to visit them and the great things that have happened, I feel they have served a purpose. In the next two to three years or more we have to look at whether those services are being duplicated in some other place, such as the community college or university. As the years go by, we will have to see whether we can possibly phase certain ones out where there is a duplication, such as at Ryerson Polytechnical Institute or Sir Sandford Fleming College in Peterborough where they now have a

computer-aided design and computer-aided manufacturing centre.

We have to look at those areas. Do we have the training facilities for people in the business or people who are going into the business who want to learn and improve themselves? Those are things we would have to weigh. Yes, they have served an excellent purpose and they continue to do so.

Mr. Barlow: They are all set up on a five-year mandate, so the balance is just two years. It was two weeks ago that the third anniversary was celebrated in Cambridge at the CAD/CAM centre. They were opening a third addition.

As for the two years left in that mandate, you cannot foresee anything except probable continuation, but under constant review.

Hon. Mr. O'Neil: Maybe that is how I should have stressed it. They are all under review. I always think it is good to get some of the people from your own caucus or all of the caucuses out to visit some of these locations and see the job they are doing. The process is under review.

Vote 2401 agreed to.

On vote 2402, industry program:

Mr. Barlow: I have a question under the small business sector on page 2.6 of the briefing book. This is the industry program, small business. The grant to the Hamilton Business Advisory Centre operations of \$25,000. What does that cover?

Mr. Girvin: That is a matching funding arrangement with the federal government and the Hamilton-Wentworth region for an advisory council that screens, evaluates and provides advice to small business and entrepreneurs, utilizing the talents of the corporate infrastructure of the Hamilton-Wentworth area.

For example, people from Dofasco Inc. or Stelco Inc. or some of the major industries will provide audit expertise or on-line management, engineering assistance or financial assistance. Staff members of that corporate community will donate time to provide advice and counsel to either existing businesses primarily but small business generally.

It is a nonprofit arrangement among the government, the region and the private sector to counsel and assist entrepreneurs.

Mr. Barlow: Would it be similar to the new innovation centre being established in the Kitchener-Waterloo-Cambridge area? I know it is not the same dollars because \$800,000 over three years is—

Mr. Girvin: It has a focus different from that of the innovation centre. What it is attempting to

do is blend private sector skills with the private sector by bringing a corporate overview to the startup situation or the entrepreneur. Obviously, the regional field offices provide assistance on a direct basis, from the civil servant to the individual with the small- or intermediate-size business. This is an attempt to utilize the skills of the private sector. We are acting as a catalyst in bringing the three parties together.

Mr. Barlow: It sounds like a good program. That has been going on for a while, has it not?

Mr. Girvin: Yes. It has been in place since about 1978.

Mr. Barlow: Looking at the dollars, there has been a substantial increase in salaries and wages. The explanation for this is an increase in staff. At the same time, there has been a reduction in the energy program. I wonder how the two relate. The reduction in the energy program is \$455,000, so more staff and dollars are being spent on less program. Am I right in interpreting it that way?

Mr. Girvin: This will probably be the last year of a phase-out with the Ministry of Energy, in which we provided assistance in evaluating client proposals that were funded by way of transfer payments between the Ministry of Energy and the Ministry of Transportation and Communications. As you are aware, there are sunset reviews on programs and the Ministry of Energy has been phasing out what we call an interministerial transfer payment.

The reduction you are looking at is a normal wind-down of a program within the Ministry of Energy in its budget allocation and focusing. We were the delivery arm of bilateral agreements with the federal government and other energy delivery programs in the light of our interface with the private sector on a client basis.

Mr. Taylor: Does a new program, a television series of instruction and assistance to small business, come under the small business section?

Hon. Mr. O'Neil: Yes, it does. It is an excellent program put together by the previous government. I believe the first program starts tomorrow evening at eight o'clock on TVOntario.

Mr. Taylor: You might accuse me of bringing it up just as a plug, but it strikes me as a program well worth the investment.

Mr. Barlow: I do not think we would ever accuse you of that, Mr. Taylor.

Hon. Mr. O'Neil: As I said, it is an excellent program. It starts tomorrow evening at eight o'clock. The members might be quite pleased to

have a look at it. I believe there are eight half-hour programs and one one-hour program which will be a follow-up. Yes, they seem very pleased with it.

Mr. Girvin: It is course material.

Vote 2402 agreed to.

Vote 2403 agreed to.

12:10 p.m.

On vote 2404, Ontario development corporations program:

Mr. Morin-Strom: I would like to ask about one particular project in the Sault Ste. Marie area, the King Mountain development. It is my understanding there is some funding going to holding that property for the owner while awaiting his attempts to find private financing. What is the financial position of the province on that development? How much has the province spent to date? I understand there is something in the order of a \$20-million commitment in regard to infrastructure spending once the private developer comes up with funding.

Mr. Sorensen: King Mountain Development Corp. is in the process of trying to encourage equity into its project. It has assembled some 7,200 acres of land north of Sault Ste. Marie. Some of the lands have been purchased, agreements of purchase and sale have been executed and there are mortgages outstanding on those properties.

Three years ago the Northern Ontario Development Corp. provided a loan in the amount of some \$200,000 to assist the company in servicing these mortgages. The following year, a further request was submitted to NODC and an additional loan of some \$200,000 was provided for the same purpose.

King Mountain Development Corp. has been actively pursuing and seeking investment capital and until this time has not been successful. The most recent contact we have had was a request for an additional \$77,000 to carry the mortgage payments to the end of September 1986. Currently, the corporation is in the process of developing an alternative proposal to the Ministry of Tourism and Recreation and also the Ministry of Northern Development and Mines to modify the original proposal, which was approved for a commitment of some \$24 million in Board of Industrial Leadership and Development funds to cover infrastructure and other types of facilities.

King Mountain Development Corp. has indicated to us it is still actively seeking private investment and expects to be able to consummate

some sort of arrangement within this calendar year.

Mr. Morin-Strom: You say an alternative to the original proposal, which included the \$24-million BILD commitment, is being pursued now. Is the ministry the prime mover on the alternative or is it the private investor?

Mr. Sorensen: The private investor is the prime mover.

Mr. Morin-Strom: The way you stated it, it sounded as though you were pursuing the alternative.

Mr. Sorensen: No, it is King Mountain Development Corp.

Mr. Morin-Strom: What type of commitment is that likely to mean for the province—higher or lower, phased more?

Mr. Sorensen: It is about equal. There is no additional funding requested.

Mr. Morin-Strom: Has the \$77,000 requested for this year been approved?

Mr. Sorensen: Yes, it has.

Mr. Morin-Strom: At this point, there is a loan of \$477,000 outstanding to them.

Mr. Sorensen: Yes, close to \$500,000.

Mr. Morin-Strom: What interest are they paying on that? Are they happy to make a payment of interest on it?

Mr. Sorensen: The interest is being accrued. There is no forgiveness on the interest. It is on the basis of the tourism rate, which is 10 per cent.

Mr. Morin-Strom: How long ago were the original and secondary loans made?

Mr. Sorensen: The first two were in 1983 and 1984 and this current one was submitted to us in 1985. It is about a three-year span.

Mr. Morin-Strom: How long-standing is the commitment for the \$24 million? Does it have to be taken up by some point or does the BILD commitment go on?

Mr. Sorensen: The termination date is 1990.

Mr. Taylor: May I ask whether there is a possibility of it self-destructing before then if certain conditions are not met, or do you have a firm commitment until 1990?

Mr. Sorensen: The Ontario government, through the BILD program, has a commitment with the developer until 1990 that the funds must be expended and the project must be completed by that time.

Mr. Taylor: You are talking about the commitment of the funds. The degree of

financial exposure of the province to this project is the question.

Mr. Morin-Strom: Are you saying the province is committing \$24 million until 1990?

Mr. Girvin: In addressing Mr. Taylor's question, yes, there is a commitment of the Ontario government via the Ministry of Tourism and Recreation as far as BILD is concerned if, up until 1990, they raise X million dollars' worth of equity and other conditions. NODC is acting as an agent on behalf of the Ontario government through the Ministry of Tourism and Recreation. If those terms are met, there is a commitment to provide adequate infrastructure into the highest mountain in Ontario, etc., which you are familiar with. It is not a blind commitment of X million dollars. There are terms and conditions, including the raising of cash equity.

Mr. Taylor: It sounds as though the developers are already in default of those conditions.

Mr. Girvin: There is not an item of default.

Mr. Taylor: If they cannot raise the equity, I would think if that is a precedent to the firm commitment for the \$22 million, or whatever it is, there may be an escape clause for the government's financial liability.

Hon. Mr. O'Neil: In what year was the original amount given?

Mr. Sorensen: In 1983.

Mr. Morin-Strom: The original commitment predated the 1981 election.

Mr. Sorensen: The original commitment was during the BILD program.

12:20 p.m.

Mr. Taylor: Did it lose you some votes then or did it gain you some?

Mr. Morin-Strom: It gained us lots of votes in the 1985 election.

Hon. Mr. O'Neil: If you require any additional information on that, the ministry will have some of the other details. Just let us know.

Mr. Taylor: Let us have a breakdown on dollars per vote.

Mr. Morin-Strom: Is it possible to get more details on this commitment, whether it can be phased in, and what the relationship is between the government commitment and what the private developer has to do to get the government to come forward?

Hon. Mr. O'Neil: We will be pleased to do that if you like.

Mr. Chairman: I wonder whether the committee will indulge me in asking Mr. Sorensen a question. It is good to see a familiar face and I want to ask him about the possibility of a waferboard plant just north of Sudbury. Is anything moving on that at all?

Mr. Sorensen: To my knowledge, there is nothing at present. Discussions are still going on between the principals.

Mr. Chairman: I learned yesterday that there is the danger of a waferboard plant in Thunder Bay going down the tube, as it were. One wonders how feasible a new one would be. There is nothing happening?

Mr. Sorensen: There is nothing happening at present.

Mr. Barlow: What was the loss ratio during the past couple of years? A number of firms have gone down the tube, many of which received development-corporation assistance. I wondered whether you could give us some number? Does it appear in the estimates?

Mr. Girvin: I believe the figure on assets is approximately eight per cent of the loss ratio in terms of the portfolio. Mr. Quigley?

Mr. Quigley: I do not have any exact numbers with me. I think each year the write-offs have been about equal to the budget shown in the estimates.

Mr. Barlow: It has been running around that figure? I wanted that for my own information.

Mr. Chairman: Any other questions or comments on vote 2404?

Vote 2404 agreed to.

Vote 2405 agreed to.

Mr. Chairman: This completes consideration of the 1985-86 estimates of the Ministry of Industry, Trade and Technology.

Thank you, Minister, and your staff for being so helpful to the committee. I am sure they appreciate it.

I have two comments. We will meet as a committee on Tuesday, February 25 for the first-contract legislation hearings. If the committee does not object, I would like to have the Ministry of Labour give us a briefing on the first-contract legislation first so we will feel comfortable with it and you will not have to study.

Secondly, we will do a mailing for people who obviously will be interested in the first-contract legislation.

The committee adjourned at 12:25 p.m.

CONTENTS

Wednesday, February 12, 1986

Ministry administration program	R-1001
Industry program	R-1020
Ontario development corporations program	R-1021
Adjournment	R-1022

SPEAKERS IN THIS ISSUE

Barlow, W. W. (Cambridge PC)
 Laughren, F., Chairman (Nickel Belt NDP)
 Mancini, R. (Essex South L)
 Morin-Strom, K. (Sault Ste. Marie NDP)
 O'Neil, Hon. H. P., Minister of Industry, Trade and Technology (Quinte L)
 Ramsay, D., Vice-Chairman (Timiskaming NDP)
 Smith, D. W. (Lambton L)
 Sterling, N. W. (Carleton-Grenville PC)
 Taylor, J. A. (Prince Edward-Lennox PC)

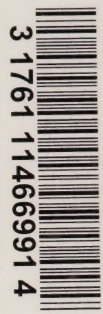
From the Ministry of Industry, Trade and Technology:

Allanson, P. G., Assistant Deputy Minister, Trade
 Girvin, J. D., Assistant Deputy Minister, Industry
 Lavelle, P. J., Deputy Minister
 MacInnes, F. B., Manager, Loan Applications, Eastern Ontario Development Corp.
 Quigley, J., Manager, Export Support Portfolio, Loan Administration Branch, The Development Corporations
 Sorensen, A. B., Manager, Sudbury Regional Office, Northern Ontario Development Corp.





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